

**FBI****DAILY REPORT  
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SONG JIAN ADDRESSES INTERNATIONAL S&T MEETING

OW071656 Beijing XINHUA in English 1646 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- The Chinese Government is now implementing two scientific development plans, the "sparking plan" for supporting rural enterprises and a plan for developing high technology suited to China's conditions. Song Jian, minister in charge of the state Science and Technology Commission, told the 2nd Beijing International Conference on Strategic Orientation for Science and Technology for National Development which opened here today. The meeting is attended by more than 60 economists and scientists from 20 countries and regions, as well as officials of the United Nations.

Song said the "sparking plan" is designed to use advanced but suitable technology to promote local economy, transform the outdated technology and improve economic efficiency. The other plan is to focus on studying and developing some new technology. The implementation of the two plans, Song said, would make science and technology contribute more to the country's rapid economic development. He noted that with the development of microelectronics, information technology, bio-technology, space technology and other new technology, the world has entered into an era of new technology, the world has entered into an era of new technological revolution. It is an important task for the developing countries to step up research on the policy for science and technology development.

During the five-day conference, jointly sponsored by the UN Financing System for Science and Technology for Development and the China's State Science and Technology Commission, the participants will discuss the strategic orientation for promoting science and technology, the government's role in full display of scientific potential, development of human resources, collection of scientific funds, and integration of scientific research institutions, universities and enterprises.

Also speaking at today's opening ceremony were Rustam D. Lalkaka, director of the UN Financing System for Science and Technology for Development and an official from the Beijing office of the UN development programme.

HUANG HUA ATTENDS TOKYO MEETING OF FORMER LEADERS

OW072022 Beijing XINHUA in English 1941 GMT 7 Apr 86

[Text] Tokyo, April 7 (XINHUA) -- Former world leaders today gathered in Tokyo to discuss solutions and suggestions for political and economic problems the world is facing today. Addressing the 21 former leaders, former Japanese Prime Minister Takeo Fukuda said that tensions in East-West relations and the arms race, the continuously unstable world economy, and population and environmental problems are the three main issues the world is facing and should solve. Fukuda hoped that the four-day meeting, the first of its kind ever held in Asia, would contribute to the popularization of the importance of world peace and prosperity and held in the success of the coming Tokyo summit of seven Western industrial nations.

Japanese Foreign Minister Shintaro Abe, on behalf of the Japanese Government, attended the meeting, which was presided over by former Federal German Chancellor Helmut Schmidt. Huang Hua, vice chairman of the Standing Committee of the Chinese National People's Congress, also attended the meeting in an unofficial capacity.

KANG KEQING MEETS CALIFORNIA WOMEN'S DELEGATION

OW041746 Beijing XINHUA in English 1515 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Kang Keqing, president of the All-China Women's Federation, met here today a California women's forum friendship delegation from the United States led by Bee Canterbury Lavery, chief of protocol of the Los Angeles government. Kang, who is also a vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, and Lavery expressed the wish to strengthen the contacts between women of the two countries to deepen their mutual understanding. Kang hosted a dinner for the delegation after the meeting.

CIA'S CASEY SAYS USSR HELPED PDY COUPISTS

OW070852 Beijing XINHUA in English 0750 GMT 7 Apr 86

[Text] Washington, April 6 (XINHUA) -- U.S. Central Intelligence Agency Director William Casey today accused the Soviet Union of entrenching its "bridgeheads" worldwide and of assisting in a coup in South Yemen last January. Casey told a pro-Israel lobby committee meeting held here that the Soviets "require bridgeheads in Cuba and Vietnam, in South Yemen and Ethiopia, in Angola and Nicaragua, in Afghanistan and elsewhere." He said these bridgeheads "are being linked in a growing logistical and support network, supported by a standing Soviet naval and air power."

He accused the new Soviet leader, Mikhail Gorbachev, of continuing the "Brezhnev Doctrine," a reference to the late Soviet leader Leonid Brezhnev's foreign policy which led to the dispatch of Soviet troops into Czechoslovakia in 1968. He said Gorbachev has intensified his attempt to "nail down and cement these bridgeheads" and "make them permanent." The CIA director said that soon after the January coup in South Yemen, planes flown by Soviet pilots "began pounding pro-government forces," and Soviet weapons "began to be flown into the country to rebel forces." Casey's remarks appeared to be the first U.S. accusation of a direct Soviet involvement in the coup in South Yemen which ousted President 'Ali Nasir Muhammad.

U.S., USSR ACADEMIES SIGN COOPERATION ACCORD

OW050816 Beijing XINHUA in English 0735 GMT 5 Apr 86

[Text] Washington, April 4 (XINHUA) -- The U.S. National Academy of Sciences and the Soviet Academy of Sciences today signed a new cooperation agreement on bilateral meetings and exchanges of scientists. The agreement, announced here by the U.S. Academy of Sciences, calls for meetings at least once yearly between the two countries to discuss problems and opportunities in continuing cooperation and ways to open the door for more involvement by scientists of the two countries.

The two scientific organizations had an agreement on mutual cooperation before. However, the United States suspended part of the agreement in 1980 and banned bilateral symposia and other meetings to protest the Soviet authorities' treatment of dissident physicist Andrey Sakharov.

LIAOWANG ARTICLE ON PRC-USSR COMMISSION WORK

OW061413 Beijing in Russian to the USSR 1800 GMT 5 Apr 86

[Text] Arkhipov, first deputy chairman of the USSR Council of Ministers and leader of a delegation attended the first session of the Sino-Soviet Commission for Economic, Trade, Scientific, and Technical Cooperation held in Beijing from 15 to 21 March. During his stay in China, Arkhipov had talks with Li Peng, vice premier of the PRC State Council. Zhao Ziyang, Premier of the PRC State Council, also met Arkhipov and told him that the current commission session progressed very satisfactorily and was fruitful, and that this is a system for developing cooperation between the two countries in the economic, trade, scientific, and technology field. The Soviet guests also visited southern cities in our country: Nanjing and Wuxi.

A regular issue of LIAOWANG published recently in Beijing carries a signed article devoted to this session of the commission. We are broadcasting the article.

During the first days of the first session of the Sino-Soviet Commission on Economic, Trade, Scientific, and Technical Cooperation both countries came to an agreement on the further development of cooperation between the two countries in economic, trade, scientific, and technical fields. At the end of the session, the Chinese and Soviet sides signed a protocol on the first session of the commission and a protocol of the governments of the two countries on conditions for engineering and technical personnel exchanges. This signifies that cooperation between the two countries in the economic, trade, scientific, and technical fields will be strengthened further. Premier Zhao Ziyang has said that this session of the commission progressed very satisfactorily and was fruitful. The potentials for Sino-Soviet cooperation in the above-mentioned fields are huge and there are great prospects for its development. Through the common efforts of China and the Soviet Union bilateral trade developed relatively quickly during the last few years. Economic and scientific-technical cooperation has been restored and good foundations have been laid for it. Arkhipov visited China in December 1984 and Yao Yilin visited the Soviet Union in July 1985. The two sides signed an agreement on economic and technical cooperation; an agreement on scientific and technical cooperation; an agreement on the establishment of a Sino-Soviet Commission on Economic, Trade, Scientific, and Technical Cooperation; a long-term trade agreement for 1986-90 period; and an agreement on the construction and reconstruction of industrial enterprises in China.

At the first session of the commission both sides observed that these five important documents laid the foundations for the further development of economic, trade, scientific, and technical cooperation between the two countries. At the same session both sides reviewed the development of bilateral trade during the last few years and found development to be successful. The current year is the first year of the long-term trade agreement between the two countries for the 1986-90 period. Both countries agreed to make efforts at coming annual talks to exceed the volume of trade envisaged in the long-term trade agreement. This 5-year agreement provides for a total volume of trade between the two countries reaching 35 billion Swiss francs and that will represent a 3.3 time increase compared with the total volume of bilateral trade during the 1981-85 period. Both countries also exchanged views on transportation of commercial goods, scientific and technical cooperation, increasing the number of students and postgraduate students in both countries, and other issues.

Both sides expressed satisfaction at the development of cooperation in construction and the reconstruction of industrial projects in China. Their total number is 24 including 7 new ones. Both sides also exchanged fact-finding groups. As to cooperation in civil aviation, both sides exchanged views on increasing the number of flights of civil aircraft of the two countries. In July last year, China signed with the Soviet Union a contract for the purchase of 17 Soviet aircraft of the TU-154M model.

Last year, China took part in the Interbytmarsh-85 exhibition organized in Moscow and the Soviet Union in the International Asian and Pacific Ocean Countries' Fair in Beijing. At the first session of the Sino-Soviet Commission on Economic, Trade, Scientific, and Technical Cooperation, both sides agreed to organize and participate in large-scale or international special exhibitions in each other's country for deepening mutual understanding.

Sino-Soviet cooperation in the economic, trade, scientific, and technical fields developed greatly in the last few years. But their political relations have not made substantial progress. Chinese leaders have repeatedly said that China and the Soviet Union are neighboring countries and that there is traditional friendship between their people. The Chinese Government and people value very highly the feelings of friendship existing between the people of the two countries and sincerely wish that bilateral relations be further improved through the elimination of obstacles through practical measures.

#### RENMIN RIBAO HIGHLIGHTS SOVIET INDUSTRIAL REFORMS

HK050611 Beijing RENMIN RIBAO in Chinese 2 Apr 86 p 7

[Article by Zhou Xiangguang: "From Local Experiments to All-Round Development -- Soviet Industrial Reform Is Making Explorations"]

[Text] The recent 27th Soviet Communist Party Congress adopted a "strategy for accelerating national and social economic development." This is regarded as the key to solving all problems facing the Soviet Union. Soviet industry is wide in scope and solid in strength; it forms the basis of the Soviet national economy. The success of industrial reform will inevitably have a direct bearing on the progress of the entire economic reform.

The Soviet economy has had problems for a long time. As Gorbachev pointed out: "The existing form of production relations and managerial and operational system took shape under conditions of extensive economic development. These have gradually become outdated, providing no stimulation, while other things have become roadblocks." Reform was attempted back in Khrushchev's time, and the "New Economic System" was implemented in Brezhnev's time. However, these reform attempts did not produce the expected results. Instead, they brought about a host of new problems, and thus were stopped half way. In view of this, Gorbachev has proposed that in instituting practical reforms, explicit targets and resolutions are essential." This is because "reform is by no means a simple affair." It "takes time and resolute efforts." Moreover, "we should not leave reform half incomplete once it has begun."

Some Soviet industrial enterprises are presently undergoing reform experiments based on the "supplementary measures for expanding the rights of combined industrial corporations (enterprises) in planning and economic activities and strengthening their responsibility toward achieving results," as drawn up when Andropov was general secretary. Starting in January 1984, reform was carried out on a trial basis in enterprises belonging to five industrial systems.

A year later, in January 1985, the experiment expanded to more than 2,500 enterprises belonging to 26 industrial systems. In August the same year the "decision on spreading in breadth new operational methods and strengthening the processive role of science and technology" was adopted. Beginning this year, reform has spread in an all-round way to such departments as machine building, light industry, foodstuffs, meat and dairy products processing, local industrial departments, fishery, and all service trades. At the same time, some industrial departments have drawn up new operational measures based on their own characteristics, and these have been implemented on a trial basis. It is planned and stipulated that other industrial departments are to adopt these new managerial and operational methods before 1 January 1987. This shows that Soviet industrial reform has already spread from local experiments to all-round development.

The purpose of these experiments is to explore methods for upgrading productivity, to push forward the progress of science and technology, and to accelerate the process of intensive production, chiefly through expanding the decision-making power of enterprises and giving them responsibility for their managerial results, in order to bring into play the initiative of enterprises and workers and staff. The measures to be adopted are: mandatory indexes for enterprises will be reduced, with stable economic quotas being issued to affect operational activities; appraisals of an enterprise's activities will be based chiefly on its fulfillment of the various tasks stipulated in its contract; the results of the fulfillment of a contract will directly affect the volume of material incentive funds; and the collective contractual responsibility system will be implemented inside the enterprise, with increase in the volume of wage funds floating in accordance with the rise in labor productivity and the final results of the enterprise's operation. The state will not stipulate the number of workers and staff.

According to reports in the Soviet press, experiments over the past 2 years have had positive effects on the managerial and operational activities of enterprises, have stimulated the productive initiative of enterprises and labor collectives, and have witnessed, in particular, a marked turn for the better in the manner in which enterprises manage the marketing of their products based on contracts. This is favorable to improving the economic balance and insures a prompt supply of the goods and materials needed in production. The labor productivity of enterprises has been raised while the production growth rates of enterprises undergoing reform experiments is higher than the national average level.

In analyzing these accomplishments, Soviet economists claim this is because "stimulation that can be felt is implemented." For instance, based on the new operational methods, if an enterprise completely fulfills the goods-supplying task stipulated in its contract, a 15 percent increase will be added to the material incentive fund; vice versa, failure of every 1 percent of the goods-supplying plan will involve a 3 percent deduction from the material incentive fund. Next, implementation of the collective contractual responsibility system inside labor collectives enables every production link to be connected with the tasks stipulated in the contract, while the volume of bonuses of the production team is determined by the supply condition of finished products or semi-finished products for assembling. As basic wages increase with output increases, production teams are encouraged to pay attention to the increasing labor productivity.

Moreover, to insure product quality, losses resulting from inferior products are linked to the incentive fund; when products are returned because of inferior quality, 5 percent of the incentive fund will be deducted for every 1 percent of the total output returned.

Despite all this, problems and resistance exist in these experiments. The Soviet press believes that the experiments have not adequately taken advantage of science and technology. "Changes are rather slow" in work styles and methods employed by responsible departments. This is because "not all the cadres have overcome their inertia, old patterns, and the practice of sticking to general operations." Regarding this, Gorbachev pointed out at the 27th Party Congress: "Success is to a large extent determined by the reorganization of central economic organs, the work of the State Planning Committee in particular." The Congress decided that the central economic organs should free themselves from daily routines and concentrate their efforts on important issues concerning the use of science and technology to upgrade the general level of economic work, so as to insure the needs of society in terms of products.

The Soviet Union is a big country and its undertakings are manifold. Its traditional managerial and operational modes have been used for many years; it will not be easy to implement reform. Many issues are still in the exploration phase. Therefore, whether reform can be made to develop in depth and breadth will inevitably be of much interest to the world.

#### QIAN QICHEN IN USSR FOR POLITICAL CONSULTATIONS

For Soviet reportage of the latest round of Soviet-Chinese political consultations, attended by Qian Qichen, vice minister of foreign affairs of the People's Republic of China, in Moscow, see the China section of the 8 April Soviet Union DAILY REPORT and subsequent issues.

DPRK PAPERS CONDEMN U.S.-SOUTH KOREAN MILITARY TALKS

OW051121 Beijing XINHUA in English 1039 GMT 5 Apr 86

[Text] Pyongyang, April 5 (XINHUA) -- Major Korean newspapers today lashed out editorially at a recent military meeting between the U.S. and South Korea and U.S. Secretary of Defense Caspar Weinberger's inspection of the frontline, saying that the U.S. and South Korea are "keen on the military buildup and war preparation."

The U.S. and South Korea held the 18th Security Consultative Meeting April 2 and 3 in Seoul, attended by Weinberger and South Korean "Minister of National Defense" Yi Ki-paek. On April 2 Weinberger inspected the western area near the military demarcation line that divides the North and South.

A joint communique issued at the meeting declared that "the next two or three years will be a period of great danger on the Korean peninsula." The U.S. will soon vastly strengthen its military presence and fighting ability in South Korea, and provide "rapid and effective assistance" when South Korea faces "military attack," the communique also said.

"NODONG SINMUN", a major Pyongyang daily, said in its commentary that the "two or three years' crisis" is a fabrication by the U.S. and South Korea aimed at maintaining the "political power" of the South Korean authorities. The commentary said the crisis in South Korea is caused by the brutal suppression by the authorities of the people who are struggling against fascism and for democracy, and is not caused by any threat of "aggression against the South." Tension on the Korean peninsula stems from the war adventures of the U.S. and South Korea, the commentary added.

"PYONGYANG SINMUN" and "NODONG CHONGNYON" said in their commentaries that the real intention of the U.S. is to strengthen its military presence and carry out joint military exercises in and with South Korea in preparation for an aggressive war against the North.

LONG-TERM TRADE AGREEMENT SIGNED WITH MPR

OW072008 Beijing XINHUA in English 1950 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- The first long-term trade agreement between the Chinese and Mongolian Governments for 1986-1990 was signed here today. According to the agreement, the two countries would further develop bilateral trade on the basis of equality and mutual benefit. China will export silk, light industrial products and fresh and dried fruits to Mongolia while importing boards, horseskin and deerhorn.

Today, the two countries also signed a protocol on goods exchange and payments for 1986. The two documents were signed by Wang Pinqing, Chinese vice-minister of foreign economic relations and trade, and N. Babuu, Mongolian vice-minister of foreign trade. Before the signing, Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin met the Mongolian Government trade delegation led by Babuu.

PHILIPPINE'S LAUREL SUPPORTS ONE-CHINA POLICY

OW071244 Beijing XINHUA in English 1229 GMT 7 Apr 86

[Text] Manila, April 7 (XINHUA) -- Vice-President and Foreign Minister Salvador H. Laurel today reiterated the willingness of the new Philippine Government to develop its relations with China. He made the statement when he was called on by Chinese Ambassador Chen Songlu here this morning.

The vice-president said the Philippine Government would "make efforts to further develop the relations between the Republic of the Philippines and the People's Republic of China, especially in the field of trade, in the interests of the two countries and peoples." Laurel recalled his first visit to China in 1972 and said he always stands for the policy of one China, that is the People's Republic of China. "We (the Philippines) will continue to pursue the one China policy in future," he said.

The Chinese ambassador said that the Chinese Government attaches importance to its friendly relations with the Philippines, and expressed the hope that such relations would be further expanded.

SOUTH AUSTRALIAN PREMIER HOSTS BANQUET IN SHANDONG

SK050816 Jiana Shandong Provincial Service in Mandarin 2300 GMT 4 Apr 86

[Text] The South Australian government delegation headed by Premier Bannon will leave Jinan for Qufu, Taian, Zibo, Qingdao and Yantai on the morning of 5 April to continue its friendly visit.

On the evening of 4 April at the Nanjiao Guesthouse, Premier Bannon hosted a banquet in reciprocation. Li Changan, governor of the provincial government; Ma Shizhong, vice governor of the provincial government; and responsible persons of the provincial and Jinan City relevant departments were invited to attend the banquet. In his speech at the banquet, Premier Bannon said: I am deeply impressed by the fact that every friend with whom I have met in Jinan was enthusiastic about developing the established friendship and cooperation ties between us. Your Excellency the governor emphasized to me when we met that the agreement's [agreement establishing friendship ties between Shandong Province and South Australia] period of validity would far exceed your or my tenure of office. Although the agreement was signed by you and me, in reality, it is an agreement between the peoples of Shandong and South Australia. The peoples of the young generation in Shandong and South Australia will make ceaseless efforts to develop the established friendship ties and to make this friendship eternal. Confucius always said: I will be very happy if a friend comes from afar. We have already been touched by your sincere friendship over these past few days. We expect that the friends of Shandong will visit South Australia. Then, we may also quote the passage of Confucius which says: I will be very happy if a friend comes from afar.

Governor Li Changan proposed a toast at the banquet. He said: We had friendly and fruitful talks with Your Excellency the premier in Jinan. We talked about issues concerning the possibility of conducting cooperation and exchange in the economic, trade, industrial, agricultural, scientific and technological, cultural, art, and educational fields. During the talks, the governments of two parties expressed the strong desire to develop the friendship and cooperation ties and to lay a solid foundation for further economic cooperation and friendly exchange. Your Excellency the premier has paid a visit to us at the same time as spring has come round to the earth again and everything looks fresh and gay. The vitality of nature signifies the successful visit of Your Excellency the premier.

SIHANOUK SEEN OFF BY NGAPOI NGAWANG JIGME

OW071258 Beijing XINHUA in English 1213 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- Samdech Norodom Sihanouk, president of Democratic Kampuchea, and Madame Sihanouk left here by train this afternoon for the Democratic People's Republic of Korea. They were seen off at the station by Ngapoi Ngawang Jigme, vice-chairman of the National People's Congress Standing Committee, and Liu Shuqing, vice-foreign minister. On the occasion were also Chan Youran, Democratic Kampuchean ambassador to China, Sin In-ha, DPRK ambassador to China as well as diplomatic envoys of some countries in China.

READJUSTMENTS OF ASEAN NATIONS' ECONOMIES

OW061603 Beijing XINHUA in English 1519 GMT 6 Apr 86

["Roundup: ASEAN Nations Readjust Economies (by Li Yongming)" -- XINHUA headline]

[Text] Singapore, April 6 (XINHUA) -- Member states of the Association of South East Asian Nations (ASEAN) are readjusting their policies and diversifying their economies to pull through the current economic recession in the region. Rapid economic growth was witnessed in most ASEAN countries for the whole of last decade. In recent years, however, the momentum has been flagging. Some have even suffered a sharp decline in the growth rate.

Singapore's growth dropped from 8.2 percent in 1984 to minus 1.8 percent in 1985 due to a marked reduction in the output of its backbone industries such as construction, shipbuilding and oil refining. The country's unemployment rate reached 4.1 percent. The Philippines suffered minus growth rates for two consecutive years: 5.5 percent in 1984 and 3 to 5 percent in 1985. According to official estimates, this year the country's industrial output will drop 10 percent, but agricultural production is expected to increase 2.5 percent. The other four ASEAN countries -- Thailand, Malaysia, Indonesia and Brunei -- have all slowed down in their economic development.

One of the main reasons for the recession in the region was its dependence on the U.S. market. Most of the ASEAN countries' mineral, primary agricultural, textile and electronic products used to be exported to the United States. The latter's economic stagnation for the past few years severely slashed the former's export. Under such circumstances, the ASEAN countries are striving to diversify their national economy so as to minimize the negative effects of the sluggish demand for their traditional exports.

Singapore is switching its mainstay industries from the labor-intensive to the capital- and technology-intensive type and preparing to develop new high-tech exports.

Malaysia used to earn most of its foreign exchange by exporting rubber, palm oil and timber now it is stressing the development of heavy industry to strengthen its immunity to trade protectionism. Brunei, though still basking in its relative prosperity, also begins to consider changing its oil-oriented economy.

Another measure taken by the ASEAN countries to fight the recession is to encourage foreign investment. Singapore recently announced a set of tax preferentials for foreign investors and lowered fees for using the country's airports, posts and communication installations. Malaysia allowed foreigners to hold as much as 80 percent of the stocks of joint-venture projects; it is even considering to accept independent foreign enterprises. Indonesia also announced lower charges and simplified procedures for foreign investment. Meanwhile, ASEAN countries have announced tax cuts for domestic industrial enterprises to help them reduce costs of production and raise the competitiveness of their products.

The economic readjustment in different ASEAN countries has been undertaken at different times and carried out at different speeds. Some measures, particularly those in Indonesia, have already proved effectual. The economic development in the region, however, is closely connected with the international economic environment. Since the world economy is still in recession, the economic growth rate for ASEAN countries cannot be high this year.

REPORTAGE ON GREEK PRIME MINISTER'S VISIT

Welcomed by Zhao Ziyang

OW071230 Beijing XINHUA in English 1210 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- China welcomed Greek Prime Minister Andreas Papandreou today with a 19-gun salute and cheers of 300 teenagers. Chinese Premier Zhao Ziyang presided over the welcoming ceremony at the plaza east to the Great Hall of the People over which the national flags of China and Greece fluttered.

When the prime minister came to the plaza in the company of Zhu Xun, chairman of the Chinese Government's Reception Committee and Minister of Geology and Mineral Resources, Premier Zhao stepped forward to shake hands with him. Two children presented bouquets to the prime minister and his wife Margarita Papandreou. Cannon boomed a 19-gun salute as Papandreou and Zhao stood at attention for their national anthems and then reviewed a guard of honor formed by the three services of the People's Liberation Army.

Chinese Foreign Minister Wu Xueqian attended the ceremony. Following the ceremony Zhao had a brief talk with Papandreou in the Great Hall of the People.

Comment on Disarmament

OW071532 Beijing XINHUA in English 1510 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- China supports all efforts genuinely aimed at promoting nuclear disarmament, premier Zhao Ziyang said here tonight.

"We are willing to contribute to promoting disarmament and making progress on this issue," he said at a banquet held in honor of visiting Greek Prime Minister Andreas Papandreou. Zhao said that at present, the superpowers' nuclear arms race constituted a serious threat to world peace and security. People of all countries were deeply concerned about it.

The Chinese Government had always stood for the complete prohibition and thorough destruction of nuclear weapons. The United States and the Soviet Union, who possessed 95 per cent of the world's nuclear weapons, should first stop testing, producing and deploying all types of nuclear weapons. Then they should greatly reduce and destroy the many different types of nuclear weapons both inside and outside their countries. Only by doing so, would it be possible to create conditions for the convening of an international conference on nuclear disarmament to be attended by all nuclear states and other countries.

He noted that the Greek Government and people opposed the arms race, called for disarmament, wanted to ease international tension, promoted North-South dialogue, and were contributing to peace and co-operation in the Mediterranean and Balkans. Zhao spoke highly of the efforts and positive contributions to the cause of peace made by Papandreou and the Greek Government and people. Referring to Sino-Greek ties, Zhao said that since the two countries had established diplomatic relations more than 10 years ago, smooth progress had been made in strengthening links on the basis of the five principles of peaceful coexistence. Their countries shared similar views on many major international issues. China was ready to join Greece in the expansion of economic and technological co-operation, and to increase the number of cultural exchanges on the basis of equality and mutual benefit.

I. 8 Apr 86

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PRC INTERNATIONAL AFFAIRS  
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Papandreou praised China's policy of regarding an end to the arm races as being the first step in a sustained program aimed at total disarmament, and its support for the peace and disarmament proposal put forward by leaders of Argentina, Greece, India, Mexico, Sweden and Tanzania last year. The recent statement by the Chinese Government on ending nuclear testing in the atmosphere was another positive step towards complete disarmament, he said. Greece also appreciated China's efforts to eliminate every source of world crisis.

Papandreou praised the principles of China's foreign policy, which supported national independence, the safeguarding of world peace, respect for weaker countries and non-interference in other countries' internal affairs, and opposed hegemonism. These were an ideal foundation for international relations. Greece and China enjoyed a very good relationship, which was likely to improve further. They shared similar views on major issues. Their countries were both experiencing a period of reform, said Papandreou. Greece was now working hard to implement reforms.

Among those attending the banquet at the Great Hall of the People were Chinese State Councillor and Foreign Minister Wu Xueqian, Mrs Margarita Papandreou, Greek Foreign Minister Yarolos Papoulias and Undersecretary of Commerce George Katsifaras.

#### Zhao Ziyang Hosts Banquet

OW071956 Beijing XINHUA Domestic Service in Chinese 1613 GMT 7 Apr 86

[Text] Beijing, 7 Apr (XINHUA) -- Premier Zhao Ziyang said at a banquet held in honor of Greek Prime Minister Andreas Papandreou tonight: The Chinese Government and people support all efforts that are truly conducive to disarmament and are willing to join other countries in making due contributions to promoting progress on the disarmament issue.

Zhao Ziyang said: At present, the superpowers' nuclear arms race constitutes a serious threat to world peace and security. People of all countries are deeply concerned and worried about it. The Chinese Government has always stood for the complete prohibition and thorough destruction of nuclear weapons.

He said: The United States and the Soviet Union, which possess 95 percent of the world's nuclear weapons, should first stop testing, producing, and deploying all types of nuclear weapons. Then they should greatly reduce and destroy their many different types of nuclear weapons in any regions inside and outside their countries. Only by doing so, will it be possible to create conditions for convening an international conference on nuclear disarmament to be attended by all nuclear states and other countries.

Zhao Ziyang said: The Greek Government and people oppose the arms race, call for disarmament, promote an ease of tension and North-South dialogue, and work for peace and cooperation in the Mediterranean and Balkans. The Chinese Government and people highly appreciate the unremitting efforts and positive contributions made by Prime Minister Papandreou and the Greek Government and people to the cause of peace.

On Sino-Greek relations, Zhao Ziyang said: The friendly exchanges between China and Greece go back to ancient times. Since the two countries established diplomatic relations more than 10 years ago, smooth progress has been made in the bilateral relations on the basis of five principles of peaceful coexistence, despite the turbulent and changing world situation. The two countries share similar views on many major international issues. Developing long-term stable and friendly relations and cooperation between China and Greece conforms to the interests and aspirations of the two peoples.

He said: China is willing to join Greece in expanding economic and technological cooperation and increasing cultural exchanges between the two countries on the basis of equality and mutual benefit.

Prime Minister Papandreou said in his speech: The Greek Government appreciates very much China's position of regarding an end to the arms races as the first step in a sustained program aimed at total disarmament and its support for the peace and disarmament proposal put forward by the leaders of six countries. The Chinese Government's recent statement on ending nuclear testing in the atmosphere is another positive step in this direction.

He said that the Greek Government also appreciates China's efforts to eliminate every source of world crisis. He said: China's role in international affairs is indeed important, and its efforts are also important. The principles of China's foreign policy, which support national independence, the safeguarding of world peace, respect for weaker countries, and noninterference in other countries' internal affairs, and oppose hegemonism, are more likely to be the foundation of international relations now than any time before.

Papandreou said: Greek-Chinese relations are good and surely will be further developed and strengthened. The two countries indeed share similar views on major international issues. He said: Although the two countries are different in some of their objective conditions, they have similar experience in their efforts for domestic reform. Greece is now also working for reforms. He said: The two countries also have similar historical characteristics, such as a long history, splendid civilization, and being ahead of other countries in thinking of major questions of humankind. All these have laid a firm foundation for the two peoples to maintain and develop exchanges.

The banquet was held at the Great Hall of the People. State Councillor and Foreign Minister Wu Xueqian attended. Also attending the banquet by invitation were other distinguished Greek guests, including Prime Minister Papandreou's wife Margarita Papandreou, Greek Foreign Minister Karolos Papoulias, and Undersecretary of Commerce George Katsifaras, who are accompanying the prime minister on the visit.

#### Zhao, Papandreou Hold Talks

OW080858 Beijing XINHUA in English 0835 GMT 8 Apr 86

[Text] Beijing, April 8 (XINHUA) -- Chinese Premier Zhao Ziyang and Greek Prime Minister Andreas Papandreou agreed in their talks this morning that the similar views shared by China and Greece on many international issues provide a basis for the long-term and stable friendly relations between the two countries. Zhao said there should be a substantial development between the two countries in the fields of trade, economic cooperation and other areas.

Papandreou said the two countries could expand their cooperation in political, economic and other fields and he regarded his current visit to China as a new beginning in the growth of Sino-Greek relations.

The two leaders expressed satisfaction over the development of bilateral relations in recent years and hoped the two countries will make common efforts to promote their cooperation. In their talks in the Great Hall of the People, they also exchanged views on East-West relations, the North-South dialogue, disarmament, and some other regional issues.

Referring to the safeguarding of world peace, Zhao said the Soviet Union and the United States have conducted many talks that have somewhat eased the tense international atmosphere. "It's worth welcoming," he said, "But the two superpowers have a fundamental divergence of views on a series of issues. We hope they show sincerity in holding talks and reaching agreement on substantial reductions in arms." About the North-South dialogue, Zhao said the development of the third world countries is not only an economic issue but also an international issue that has important bearing on world stability. He said that if the developing countries could not achieve their development, it will be difficult to have world stability and world peace.

The Chinese premier also briefed his counterpart on China's independent foreign policy for peace, and China's stand on Afghanistan, Kampuchea and other regional issues.

Papandreou told Zhao about his country's views on East-West relations and the North-South dialogue. He said Greece is now making efforts to promote world peace and to ease the international situation. Though Greece is a small country, he said, it will work for the safeguarding of world peace. The Greek prime minister said his country stands for the establishment of a nuclear-free zone in the Balkans and he himself is actively involved in the proposal for peace and disarmament put forward by leaders from Argentina, Greece, India, Mexico, Sweden and Tanzania last year.

Chinese State Councillor and Foreign Minister Wu Xueqian and Greek Foreign Minister Karolos Papoulias were also present at the talks. The two foreign ministers are expected to hold talks again this afternoon.

#### QIAO SHI CPC DELEGATION ARRIVES IN ROME

OW080246 Beijing XINHUA in English 0233 GMT 8 Apr 86

[Text] Rome, April 7 (XINHUA) -- A delegation of the Communist Party of China arrived here this afternoon to attend the 17th National Congress of the Italian Communist Party at the invitation of its Central Committee. Giorgio Napoli Tano, a member of the leading organization of Italian Communist Party, and Antonio Rubbi, a Party Central Committee member and foreign liaison minister, met the delegation at the airport. Qiao Shi, a member of Political Bureau and Secretariat of the CPC Central Committee, is leading the Chinese delegation. The Congress opens on April 9 in Florence and will run until April 13.

#### NAVAL COMMANDER WELCOMES ITALIAN OFFICERS

OW071550 Beijing XINHUA in English 1531 GMT 7 Apr 86

[Text] Shanghai, April 7 (XINHUA) -- Liu Huaqing, naval commander of the Chinese People's Liberation Army, met Captain Luigi Lillo, commanding officer of the visiting Italian naval vessels, and other Italian officers here today. On behalf of the Ministry of National Defense and the Chinese Navy, Liu expressed his welcome to the officers and men of the two visiting Italian missile escort vessels -- the "Scirocco" and the "Grecale" which had arrived in Shanghai April 1 for an eight-day unofficial visit. Present on the occasion were Vice-Admiral Giasone Piccioni, Italian naval chief of staff, who arrived from Beijing in Shanghai earlier today, and Nie Kuiju, commander of the East China Sea Fleet of the Chinese Navy.

FRG OFFICIAL PREDICTS GROWING TRADE WITH USSR

OW071133 Beijing XINHUA in English 0850 GMT 7 Apr 86

[Text] Bonn, April 6 (XINHUA) -- Trade between Federal Germany and the Soviet Union will gradually increase despite an uneven trading pattern in the past, Otto Wolff von Amerongen, chairman of the Federal German Industrial and Commercial Conference, predicted here today. Amerongen has just returned from Moscow where he attended the fourth meeting of the Federal German-Soviet Mixed Economic Committee.

He told reporters here today that the Moscow meeting focused primarily on bilateral trade in manufactured goods. He said that Federal Germany intends to sell more technical know-how to the Soviet Union. Predicting that trade between Federal Germany and the Soviet Union will only gradually increase, Amerongen warned, "Don't expect that Moscow's new Five-Year Plan will have an impact on trade activities between the two countries in 1986." In fact, he added, Federal German exports to the Soviet Union fell by 2.2 percent last year, about 4.77 billion U.S. dollars, while the Soviet imports declined by 5.2 percent, about 6.18 billion dollars.

Amerongen believes that a sharp fall in oil prices will not affect Moscow's foreign exchange reserves or its imports drastically since that country already has substantial foreign exchange reserves. However, he added, it will no doubt create new problems for Moscow, if oil prices continue to fall. Amerongen said that Moscow will try to restructure its export-orientated industry, so that energy products and raw materials will account for over 80 percent of the total trade between Federal Germany and the Soviet Union.

Amerongen admitted that there was no mention at the meeting of Federal German companies joining in the Reagan "star wars" program. Although the Soviet representatives complained that little progress has been made by Bonn in creating a healthier political climate since the last committee meeting, the Russians habitually tend to separate political affairs from economic activities, he said.

EUROPEAN STUDENTS OF CHINESE FETED AT RECEPTION

OW061628 Beijing XINHUA in English 1614 GMT 6 Apr 86

[Text] Beijing, April 6 (XINHUA) -- Fifty teachers and students who study Chinese from Britain, the Netherlands and the Federal Republic of Germany are honored at a reception here this evening at the Xiyuan Hotel. The reception was given by Chinese Vice-Minister of the State Education Commission He Dongchang, entrusted by Premier Zhao Ziyang.

The teachers and students are chosen as representatives to visit China as guests of Premier Zhao who extended his invitation to them during his visit to the three countries last June. They arrived here separately April 4 and today and will tour Xian, Shanghai and Hangzhou.

Ambassadors of the three countries to China also attended the reception.

GUANGMING RIBAO CONSIDERS CORRECT REFORM EVALUATION

HK070701 Beijing GUANGMING RIBAO in Chinese 22 Mar 86 p 3

[Article by Fang Gongwen: "Correctly Evaluate the 1985 Reform of the Economic Structure" -- capitalized passages published in boldface]

[Text] We began implementing the "decision" made at the 3d Plenary Session of the 12th CPC Central Committee on "reform of the economic structure" in 1985. In the same year, our reform made significant headway, and we started the price reforms and the wage system reform, which are difficult tasks. In rural areas, we put an end to the system of state monopoly for the purchase of farm products and the assignment of purchase quotas and replaced it with the system of ordering goods by contracts, thus readjusting the rural production setup. The fast developing lateral economic ties displayed their vigorous vitality and the reform of the urban economic structure, which highlights the invigoration of enterprises, gradually and thoroughly developed. The reform of the economic structure has given impetus to the development of our economic construction. The data and statistics in the communique recently issued by the State Statistical Bureau on the fulfillment of the country's 1985 national economic and social development plan show that our national economy vigorously developed last year.

Last year, initial success was scored in urban and rural reforms. However, in the course of reforms, the masses complained about a number of things. For example, people complained about their wages, about prices, about the practice of "putting money first in everything," about those individuals who had become upstart households by import means, and about the involvement of cadres and their children in commercial activities. Why did the people complain so frequently at a time when reform was making headway? Did reforms lead to problems? I think that we cannot account for these complaints by suggesting that reforms had led to problems. In the course of reforms, the masses complained for a number of reasons. We must analyze them in a down-to-earth manner and on the bases of the principle of seeking truth from facts. Only by doing this can we improve our work and guide the masses to correctly view the reforms.

Some of the masses' complaints are about reforms. There are two things in the reforms that have caused complaints: The first thing is the earth-shaking effects of the reforms and the resulting temporary maladjustments, and the second thing is the defects of reforms and mistakes made in our work. Other complaints are about external conditions for reform. Economic structural reform is not carried out in a vacuum. It is being carried out in contemporary Chinese society, which is a reality, under a fixed set of economic political, social, and ideological circumstances. Changes in the external conditions for this reform inevitably affect it. By expressing their opinions, the masses give one the impression of having complaints about reforms. The following is an attempt to analyze in a down-to-earth manner those complicated factors that have played a part in bringing about the complaints.

1. ECONOMIC STRUCTURAL REFORM ITSELF AS A FACTOR

The reform of the economic structure is a complicated task. The transformation of an economic structure dominated by a highly centralized product economy into one dominated by a planned commodity economy based on public ownership requires us to thoroughly reform the ownership system and management; to carry out comprehensive reforms in production, distribution, circulation, and consumption at central and local levels and in various departments and enterprises, and to thoroughly reform relationships between the state and enterprises, between central and local authorities, among local authorities, among enterprises, between the state and workers, between enterprises and their workers, and between workers of various social strata.

This complicated task is time-consuming and must be fulfilled in several states by implementing a whole series of measures. Each stage or each measure means a step toward attaining the general goals of the reform. They must not be separated from each other either horizontally or vertically. However, in practical work, perfect dovetailing of various measures is impossible, and incompatibility is inevitable. In addition, aimed at dismantling the old system, these measures inevitably have an impact on the people. There are contradictions between the measures that have been put into effect and the old system.

Thus, incompatibility, contradictions, and impact can be rather frequent throughout the entire course of the reform of the economic structure. For example, the reform of urban economic structure began with the expansion of the enterprises' decision-making power, and the expansion of the enterprises' decision-making power has contributed to disrupting the highly centralized old planning system, the old financial system, and the old system governing the administration of goods and materials. Following the reduction in the number of direct administrative means by which the enterprises were controlled was the introduction of the corresponding indirect means. However, it takes time to establish, and perfect indirect control and dislocation is possible in the meantime. The blind enthusiasm for high growth rates, the introduction of overambitious capital construction projects, and the uncontrolled use of consumption funds in the fourth quarter of 1984 can be accounted for in terms of many complicated factors. However, all this is also a reflection of our ineffective indirect macroeconomic control. Another example is the problem of compatibility, or incompatibility, between economic reforms and the establishment of a legal system. The implementation of the opening up policy and the invigoration of the domestic economy require us to formulate and perfect a whole series of regulations on internal and external economic affairs, to establish and perfect law-enforcing organs and supervisory organs, and to give the masses and cadres an idea of the legal system. The economic structural reform does not stop developing. However, the formulation and amendment of relevant laws and regulations cannot begin until we have summed up our practical experience. Thus, incompatibilities between economic structural reform and reform of the legal system are possible. The rising incidence of economic crimes can be partially explained by the fact that some criminals are taking advantage of the imperfect legal system currently in force.

The dislocation in the course of the reform of the economic structure between various stages and between the implementation of one measure and the implementation of another is quite inevitable. This does not mean that there is little we can do about it. What we can do is that in carrying out the reform, we should be more far-sighted and try our best to make our measures as compatible with one another as possible. In implementing our measures, we should be quick to discover problems and to adopt remedial measures. The goals of our reform are well-defined. What we need now is an overall plan for the attainment of these goals. With an overall plan, we can have a clear idea of the number of stages to be undergone before we can attain these general goals and of the major measures to be implemented in each stage. In this way, things will become more predictable, we can be more vigilant and act less blindly, and the vacuum characteristic of the replacement of one system by another can be avoided.

Some problems that have arisen in the course of the reform of the economic structure have resulted from our mistakes and our failure to consider everything carefully. For example, in the fourth quarter of 1984, borrowing, wages, and premiums increased rapidly. One specific reason was that in the second half of 1984, while discussing the problem of reforming the banking system and the wage system in force in the enterprises in 1985, the departments concerned proposed that the amounts of credit funds to be independently and freely used by various specialized banks be fixed on the basis of the actual amounts of loans they had extended to people in 1984.

In making the workers' wages float with the economic results of the enterprises, the total amount of wages be fixed on the basis of the total amount of wages actually distributed in 1984. In order to have larger base figures, some banking units and enterprises resorted to offering more loans to people, indiscriminately raising wages, and unduly distributing premiums and subsidies. Obviously, this proposal was raised without taking everything into careful consideration. However, in the course of economic reforms, not many problems have arisen from our occasional failure to take everything into consideration. In fact, these problems are not difficult to solve after their discovery.

## 2. EFFECTS OF ECONOMIC CONSTRUCTION ON ECONOMIC REFORMS

The economic structural reform must be carried out under given economic circumstances. We are carrying out economic construction and economic structural reform at the same time. The purpose of the reform of the economic structure is to give impetus to our socialist modernization. However, the economic structural reform is impossible without the favorable conditions produced by economic construction. For example, in reforming the wage system and the pricing system and in helping enterprises develop by relying on themselves, we must be financially backed by the state. In opening markets to others and in competing with others, we must gradually bring changes in the sellers' markets, and this requires us to have enough goods, materials, and commodities. However, generally speaking, economic conditions cannot be totally favorable. Particularly when we started the reform of the economic structure, we were almost overwhelmed by the maladies of the old system. All this implies that, on the one hand, the pace of the reform must be such that it is neither too quick nor too slow but can be afforded by the present economic conditions and, on the other hand, in making arrangements for economic construction, it is necessary to take into account strains on the environment, to prevent the economy from developing at too high a rate, to avoid straining the relations between various parties, and to make economic conditions as elastic as possible.

If the pace of economic development is too rapid, it can only be unfavorable for reforms because a rapid pace must be fueled with huge investment in fixed assets and this can lead to serious strains on the proportional relations between accumulation and consumption, on the allocation of funds, on market arrangements, and on the supply of goods and materials. In this way, the development of the reforms will be restricted. In the fourth quarter of 1984, economic structural reform was somewhat affected by the rapid pace of industrial production development. Another example is that last year, in the course of reforming the pricing system, prices rose by a bigger margin than expected. Last year, the general index for retail prices went up 12.2 percent in the cities and towns and the situation was even worse in some large cities. Both the prices of means of subsistence and the prices of the means required for production uncalled for by the plans went up. Last year, in May and June, prices were the most popular topic of conversation and many complained. Prices became more stable in the second half of the year. One of the reasons for this is that the supply of vegetables did not become more plentiful after we lifted restrictions on vegetable prices. However, even more important reasons are that the scale of construction was too large, that consumption funds increased too rapidly, and that too much money was put into circulation. A third example is that in the fourth quarter of 1984, by indiscriminately raising wages and unduly distributing premiums and subsidies, people added to the difficulty of the 1985 reform of the wage system. In order to slow down the furious pace of development, we tightened the controls on credit and adopted other measures, with the result that some enterprises were prevented from effectively displaying their enterprises by the problem of not having enough working funds.

Why did the scale of investment in fixed assets and the increase in consumption funds get out of control and why did industry develop at so high a rate?

Some people blame the reform of the economic structure for all this, suggesting that it has led to the absence of administrative control. This view is quite inconsistent with the facts. The reform is not to blame. The main reason is that we have not eliminated the maladies of the old system. The "hunger for investment" is a common weakness of socialist countries with highly centralized economic structures. By now, changes have taken place in our highly centralized old system. In addition, the practice of controlling the macroeconomy by administrative means has changed too. However, we have not found or perfected the economic means by which we indirectly control the macroeconomy. Thus, we cannot effectively control the "hunger for investment" resulting from the old system. This problem must be solved in the future in the course of the reform.

Some problems did arise from our ideological guidance. In the past, there was our old economic structure, but investment did not increase yearly nor did industry develop at a high rate each year. It is frequently the case that whenever our economic development is smooth, we become hotheaded, blindly expand construction, and strive for high economic growth rates. However, as soon as the high growth rates lead to a serious dislocation of various proportional relations, we are forced to make adjustments. After making adjustments and after economic development becomes smooth again, we will be tempted to strive for high growth rates again. The ultra-high growth rate in the fourth quarter of 1984 came in the wake of the transition of our readjusted national economy from destruction during the 10 years of turmoil and the rash advance in 1978 to smooth development. Some of our comrades believe that they should try to outdo one another by making growth rates higher and higher. This belief is precisely the ideological underpinning of ultra-high growth rates. However, we must be careful not to replace an ultra-high growth rate with a low growth rate immediately after readjusting it because this is also unfavorable for economic construction.

At the National Conference of Party Delegates held last year, we summed up the experience gained since 1984 and made it clear that during the period covered by the "Seventh 5-Year Plan," we should "give priority to reform and make sure that reform and development are adapted to and promote each other. Basically, reform is in the service of development. At present, however, development should be planned in such a way as to facilitate reform." This is the correct guiding principle for handling the relationship between reform and construction.

### 3. THE IMPACT OF SOCIAL AND IDEOLOGICAL ENVIRONMENT ON ECONOMIC REFORM

The reform of the economic structure is closely related to social and ideological environment. It is also advantageous to effecting a turn for the better in social general mood and to the progress in ideological work. For example, the reform of the economic structure has struck at the views of natural economy and small-scale production and has gradually established the concepts of cooperation, competition, and attaining better results which can help smash the "big pot" and eliminate bureaucratism and irresponsible practices. A fine social general mood is advantageous to the smooth progress of the economic reform while unhealthy tendencies in society and within the party may affect and even hinder the progress of reform.

Viewed from the situation of the past 2 years, the unhealthy tendencies in society and within the party have developed somewhat and the number of economic crimes has increased in the course of economic reform. The practices of abusing power to engage in business, seeking private gain at public expense, accepting bribes, evading taxes, and engaging the speculation and smuggling have been quite serious. Unhealthy tendencies in society and within the party have hampered the normal development of economic reform. Some unhealthy tendencies and economic crimes were carried out under the auspices of reform. For example, the practices of abusing power to engage in business and speculation and fraudulently purchasing goods in short supply were usually carried out under the pretext of unclogging circulation channels.

The practices of appropriating public property, seeking private gain at public expense, and indiscriminately issuing bonuses were usually carried out under the pretext of more pay for more work and allowing some people to get better off first. The practice of lining one's pockets with public funds under the pretext of reform has discredited reform. We often hear the masses ask such a question: "Is putting money above everything the purpose of reform?" Some people also regard the unhealthy tendencies as the outcome of reform.

The prevailing unhealthy tendencies in society and within the party are not stirred up by reform. The roots of unhealthy tendencies are the feudal and bourgeois ideas that exist in society. It is a mixture of feudal ideas of privilege and the bourgeois mentality of profits above all. The reform of the economic structure has struck at the feudal and bourgeois ideas. As the development of the capitalist commodity economy was able to strike at the feudal hierarchy and ideas of privilege with the concepts of freedom, equality, and universal love, the development of our socialist commodity economy will eventually sweep away feudal ideology. The socialist commodity economy is one based on public ownership of the means of production. The value of commodities and enterprise profits embody the coincidence of the interests of the state, enterprises, and individuals. Through the development of the socialist commodity economy and their vital interests, the people have realized the unity between personal interests and the interests of the whole and have cultivated the collective thinking of socialism. Fundamentally speaking, the reform of the economic structure is conducive to correcting unhealthy tendencies. Naturally, so long as the commodity economy exists, currency will serve as an equivalent and a handful of people will madly cling to money. We must take this into account and regard fighting against unhealthy tendencies as a long-term task. Only by adopting correct policies, perfecting the rules, regulations, and the legal system, and strengthening ideological and political work can we diminish the negative influence to a minimum.

Reform did not give rise to unhealthy tendencies. However, the unhealthy tendencies developed by making use of the imperfect system and corresponding measures in the transition from the old to a new structure. For example, there exists a dual pricing system because the current pricing system is not yet straightened out. As a result, certain individuals or units tried to reap profits by obtaining goods at market prices and then selling them at negotiated prices. While vigorously fighting against unhealthy tendencies, we should gradually perfect reform measures and the legal system so as to plug the loopholes of the unhealthy tendencies. The current drive to correct unhealthy tendencies within the whole party, first among the leading organs and cadres, and to sternly attack economic crimes will create a fine social environment for the reform of the economic structure.

In China today, the reform of the economic structure has become the trend of the times. It has enlisted support from the broad masses of the whole country. The people have realized that the reform of China's existing economic system is the sole guarantee for invigorating China's socialist economy. Without reform there will be no way out. They ardently expect that the reform of the economic structure will accelerate the pace of China's modernization program, put an end to the backwardness of China's economy as quickly as possible, and improve the people's living standard. This is the latent enthusiasm of the masses for the reform of the economic structure.

The enthusiasm of the masses for reform should be correctly guided and protected. We must enable the masses to understand that the reform of the economic structure is an arduous and complicated long-term task, that we must make efforts for several decades and even a hundred years to catch up with and surpass the economy of the advanced countries, and that the people's living standards can be improved only step by step rather than demand the level which exceeds the limits of our economic development. We should guide the enthusiasm of the masses into the building of the four modernizations and doing a good job of economic reform.

With regard to improvements in the people's living standards, we should do more practical work rather than indulge in empty talk. We should never put forward impractical slogans or publicity that deviates from the real living standards of the majority of the people. However, we raised some slogans and made certain calls during a period which deviated from the living standards of the majority of the masses in China. Our estimate and publicity of the 10,000-yuan-households in urban and rural areas were inappropriate. As a result, some masses had excessive demands and were overanxious to improve their living standards. They regarded the growth of bonuses and pay raises characterized by repayment of debts a few years ago as normal growth and expected an increase of wages and bonuses by a big margin every year. When their demands were not fully realized, they felt disappointed and were discontented. This is the main reason why the real income of the majority of the people in urban and rural areas increased remarkably in recent years, yet it was difficult to please everyone.

In another case, the masses could not adapt themselves to the new system because they were used to the old system for a long time. For example, prices remained fixed for a long time in the past which was regarded as the superiority of socialism. Although wages also remained fixed for a long time, the masses felt that their lives were secure. Following the implementation of the policy to lift restrictions on prices, the increase of wages outstripped the price hikes. The real income of the masses also increased, but they lacked the sense of security. Some individuals even said that they preferred not to have the wage increase so long as the prices remained fixed. These complaints can be solved gradually by conducting education and experiencing real life. As to the views that intentionally oppose reform, they are very rare.

We can see from the above analyses that China has scored great achievements in the reform of the economic structure in 1985. The complaints of the masses in the course of economic reform are not the results of the problems arising from economic reform, but the shock that is unavoidable in the economic reform and that is mingled with the complicated economic, social, and ideological conditions at that time. Therefore, we must never in the slightest degree waver in our determination in reform. With a series of measures adopted in 1985, the problems of excessive growth of economic construction, excessive investment in capital construction, and overexpansion of credit and consumption funds are now being solved. The CPC Central Committee is greatly determined to solve the problems concerning party style and general social mood. The external environment of economic reform is getting better. With the measures taken in 1986 to consolidate, digest, complement, and improve the achievements of the past, the reform of the economic structure will inevitably step forward and advance triumphantly.

#### LIAOWANG COMMENTATOR ON COMMON AFFLUENCE

HK070809 Beijing LIAOWANG in Chinese No 12, 24 Mar 86 p 4

[Commentator's article: "On Common Affluence"]

[Text] The superiority of socialism lies in its providing conditions for the continuous development of social productivity. The ultimate aim in developing productivity is to satisfy, to a maximum extent, the ever growing needs of the people in their material and cultural life. According to the strategic goal put forth at the 12th CPC National Congress, our country's total industrial and agricultural output value will be quadrupled by the end of the century, with the average living standards of the people throughout the country entering the stage of being relatively well off. On this basis, given continuous efforts in struggle and another 30 to 50 years of continuous development of productivity, targets approaching or reaching the then prevailing levels of the developed countries in the world will be realized.

Then we can tell the whole world: China has entered the stage of an affluent society. Whether we are to become relatively well off or affluent, we cannot always expect all of us to be like something cut evenly and neatly with the same knife -- starting from the same point and reaching the end all at the same time. There are always people making it sooner, while some make it later. There are also differences in degree. Common prosperity does not mean everyone achieving it at the same time.

Now, people have some misunderstanding about common prosperity. At the mention of common prosperity, they criticize the idea of some getting rich first and some later. Or they do not dare to talk again about allowing and encouraging some people or some areas to get rich first. In fact, under socialist conditions, common prosperity and prosperity for some first and some later are interrelated and not diametrically opposed. The CPC Central Committee suggested allowing and encouraging some people or some areas to get rich first. This is in keeping with objective realities and the laws of development. It also helps the whole of society on its way to common prosperity. Socialist implementation of the principle of distribution according to work and more pay for more work involves differences in income and the problem of some getting rich first and some later.

Our country takes an economy based on public ownership as the leading factor. Such an economy involves many operating units. There are differences in material conditions for various operating units and in their management. There are thus also differences in distribution. There are many types of economy in our country, many of them involving the individual economy. Among individual producers, there are differences in means of production, which are on a larger or smaller scale, and in operating conditions, which are favorable or unfavorable. The problem of some getting rich first and some later thus arises.

Given a planned commodity economy, income is higher where people know how to exploit market conditions, and lower where people do not know how to do so. As far as an area is concerned, knowing how to exploit market conditions means a higher degree of development of resources and getting rich quicker. Not knowing how to do so means a lower degree of development of resources and getting rich later. Economically developed areas enjoy quicker development and economically underdeveloped areas slower development....All these inevitably bring imbalances and differences, with some getting rich first and some later, and some having more money and some less. There can be two different attitudes toward such an imbalance. One involves suppressing those people having a higher level and a quicker pace of development and making them wait for those having a lower level and a slower pace of development. This is the so-called taking from the rich and help the poor. The result would be egalitarianism, as all of us know. This means common poverty. "Sharing equally from the same rice pot" made us suffer -- we have had enough of it.

Another attitude is: We should seek truth from facts, act according to objective laws, recognize imbalances, strive to gradually reduce imbalances and make necessary readjustments. Given our policy of helping the poor, our policy of supporting the old and young, and border and poverty-ridden areas in development, and our various means of economic readjustment, such as taxation, providing loan funds, and so forth, we can ensure common prosperity. This is the very manifestation of socialist superiority.

Comrade Deng Xiaoping said: "We must uphold socialism. Following the socialist principle of distribution according to work will not give rise to too big a gap between rich and poor. Thus, with the passage of another two or three decades and with the development of our productivity, there will also be no polarization." The law of uneven development of things embodied in Marxist philosophy and the socialist principle of distribution according to work provide the theoretical basis for our policy of allowing some to get rich first and some later.

Our country is based on public ownership and provides all workers with an opportunity for development. But we must admit that there will inevitably be differences in development. In our approach to differences, we must not only make necessary readjustments but also make a concrete analysis and take everything in stride. For example, those who get more income by having more means of production and those who do so by relying on competent operating skills, a high technical level, and high efficiency cannot be treated on the same footing. Developments based on individual efforts should be given relatively great freedom by us. Those people who derive higher income by possessing more means of production should be brought under proper control. Those who get rich by relying on improper means and impairing the interests of the people and the state should be subject to education and criticism, and even dealt with according to the law where there has been a violation of the law. What we advocate is wealth through hard work. Now some areas act like this, once common prosperity is stressed, they get rid of big operators and impound their property. It is made to appear that specialized households are no longer in vogue. This is incompatible with party policy. It represents a misunderstanding of common prosperity.

In our traditional consciousness, egalitarianism is a deeply entrenched idea. It does greater harm in a time of economic development. If common prosperity is equated with egalitarianism, the "big rice pot" cannot be cracked. Without some people and some areas getting rich first, there cannot be common social prosperity. This is revolutionary dialectic.

#### SCIENCE, TECHNOLOGY INVESTMENT BY ENTERPRISES URGED

HK070932 Beijing JINGJI RIBAO in Chinese 31 Mar 86 p 1

[Observer's article: "Encourage Enterprises To Make Direct Investments in Science and Technology"]

[Text] Since reform of the managerial system for science and technology departments began a year ago, science and technology circles have been full of vitality. To further promote the development of science and technology in our country, we must from now on give full play to the role of enterprises and encourage enterprises to make direct investments in science and technology.

When enterprises make direct investments in science and technology, this is conducive to dovetailing and transforming from one to another the three processes of scientific research, technological exploration, and application in production. In the past few years, ties between enterprises and scientific and technological institutions have become even closer. In 1985, there were over 9,800 scientific, technological, and production associations of various kinds, nearly 400 percent greater than in 1984. This has reflected the emergence of a rational trend in the integration of scientific research, technological exploration, and application in production in our country. This has also reflected the new demands of scientific and technological development on our enterprises. If they invest in science, technology, and enterprises, this will help this trend develop steadily and accelerate the rise of technological levels of industry as a whole.

By making direct investment in science and technology, enterprises will increase the sources of funds for scientific and technological development in our country. Our country has been gradually increasing its investment in science and technology over the past few years. However, such funds are not sufficient and are incompatible with the needs of the arduous tasks of modernization and the existing economic and technological levels in our country. At present, China's annual expenditure on scientific research is even lower than that of some major industries in the United States. In view of the existing limited financial resources of our country, if we want to accelerate scientific and technological development we must look for new channels of investment and increase needed funds.

One of the channels is enterprises making direct investments in science and technology. Following establishment of the system of paid use and transfer of scientific and technological achievements, if enterprises invest in science and technology, they will have an important means for increasing their own economic results and for promoting production. Investigations carried out by the Beijing Municipal Scientific and Technological Committee on 30 scientific research institutions and the situation in 19 local scientific research institutions in Shanghai show that investments in science and technology can yield fairly good economic results and provide good prospects for development.

If enterprises invest in science and technology, the state can concentrate its efforts on investing in major, important scientific and technological projects. There should be a division of work between the state and enterprises in making investments. Enterprises should invest in general scientific and technological projects, while the state can invest in key scientific and technological projects in order to accelerate the development of advanced science and technology in those branches of science and technology which can contribute to others. Only by insuring investments in key scientific and technological projects can China's general scientific and technological levels be raised faster.

By making direct investments in science and technology, enterprises, large and medium-sized enterprises in particular, can give full play to the role of their scientific and technological personnel and increase their ability to tackle various problems. Over two-fifths of China's personnel who are specialized in science, technology, education, and public health are working in enterprises. Such personnel are most concentrated in large and medium-sized enterprises. By investing in science and technology enterprises can further organize and arouse the enthusiasm of their scientific and technological personnel, increase their ability to tackle problems and explore, and change the situation of not having sufficient research activities within enterprises and being slow in updating technology and products.

Such measures as implementing patent laws and handing out awards for scientific and technological achievements have created favorable conditions for investing in science and technology. However, well-defined encouragement and support are still needed for enterprises to make direct investments in science and technology. Such encouragement and support should be guaranteed with policies and regulations. Of all possible measures, the most important is to readjust taxation and give preferential treatment to enterprises which invest in science and technology so that enterprises will increase their investments in this respect. While implementing policies which will give preferential tax treatment, we must also adopt other supplementary measures as shortening the depreciation period for equipment used in conducting out scientific and technological experiments, and so forth.

#### STATE COUNCIL CIRCULAR ON LAND MANAGEMENT

OW030746 Beijing XINHUA Domestic Service in Chinese 0753 GMT 2 Apr 86

[Circular of the CPC Central Committee and the State Council on improving land management and prohibiting unauthorized occupation of farmland]

[Text] Beijing, 2 Apr (XINHUA)-- Party committees and people's governments of all provinces, autonomous regions, and municipalities directly under the central government; party committees of all military regions, provincial military districts, and field armies; all departments and committees of central and state organs; all departments and committees of central and state organs; party committees of all headquarters under the military commission and all services and arms; and all people's organizations:

Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee and the State Council have time and again urged all localities to improve land management, conserve land use, stop unauthorized occupation of farmland or misuse of land, and successes have been achieved in some localities. Seen from the situation of the whole country, however, unauthorized occupation and misuse of land for nonagricultural purposes is still prevalent in cities and countryside, and the situation has become even more serious in some localities. The problem of unauthorized occupation of farmland and misuse of land by rural enterprises for housing construction in the rural areas is extremely conspicuous. The farmland in many localities has been reduced drastically. In some provinces, the size of farmland each of them has lost each year equals the area of a medium-sized county. In the outskirts of some cities and towns, virtually no farmland is left. Should this situation be permitted to continue, it will cause serious consequences to national construction and people's livelihood and will entail untold troubles to our future generations. Party committees and governments at all levels must attach great attention to this issue and take effective measures to improve land management, and promptly stop unauthorized occupation of farmland and misuse of land. It is for this purpose that the following notice is issued:

1. Extensive publicity work should be used to heighten understanding of the broad masses of cadres and people on the importance of rational use of land and farmland preservation.

Our country has a large population but limited land. Its reserve farmland resources are also inadequate. In the future, the state will also take over some land and farmland for economic, cultural, and defense projects as well as for public facilities, and people living in the rural areas will also need some land for housing construction. Such being the case, treasuring every inch of land, using it rationally, and protecting our farmland with effective measures are a basic national policy that will be upheld by our country for a long time to come. However, some comrades do not fully understand the especially important significance of this issue. When it comes to land use, some cadres and people give much more consideration to immediate and local interests than to long-range and overall interests. When taking over land for state construction, some units pay no attention to land conservation and have taken over more land than necessary. It has also become quite common that a piece of land was taken over long before it was used, or that it was never used after it was taken over. Many cadres and people in the rural areas have the mistaken idea that they can use collectively owned land whatever way they want. When they need land for developing rural enterprises, some rural areas simply take over land casually without planning and without requesting approval. Disregarding law and discipline, some cadres substitute their authority for law and have casually approved land use, and some have even approved land for their own use. Some have purchased, sold, leased, and transferred land without authorization in violation of the Constitution. Under such circumstances, it is extremely necessary to help all party members and people in the country understand the importance of treasuring their land and using it rationally and protecting their farmland. We must also publicize the state laws, regulations, and the relevant policies so that every one in the country will abide by them, and so that cherishing land; conserving it, and using it according to law will become a social consciousness.

2. Make serious efforts to investigate and handle matters concerning land used for nonagricultural purposes.

3. In order to quickly curb the unauthorized occupation of cultivated land and the reckless use of the land, party committees and people's governments at all levels must act as soon as possible to organize the concerned departments to seriously handle matters concerning land used for nonagricultural purposes within this year.

The investigation will cover all land used for nonagricultural purposes since May 1982 when the "regulations on land requisitions for state construction" were promulgated and put into effect, and the handling of these matters should be in accordance with these regulations and various others promulgated by the State Council and pertaining to urban construction and land use for building construction in villages and towns. First of all, attention should be directed to those nonagricultural-use land tracts where construction has already begun, where the land is about to be occupied, or where the land has been occupied but left unused. No permission for land use will be given where such use would violate regulations. This should be handled with resolve so as to stop all unauthorized occupation or reckless use of land. When this is done, attention should then be directed to dealing with those cases where the land was occupied in the previous years for nonagricultural purposes.

2) All unauthorized land occupations discovered through the investigation should be sternly handled in accordance with the relevant state regulations. See that application procedures are completed, fines paid, confiscations carried out, and convictions made where warranted. Stern measures must be taken against those leading cadres who use their power for personal gain and who take the lead in or support the unauthorized occupation of land. Party committees, governments, and discipline inspection departments at all levels must make efforts to investigate, handle, and vigorously curb the unhealthy practice of unauthorized occupation and reckless use of land, and they must make this task an important part of their efforts to uphold party discipline and state law. Public security, procuratorial, and judicial departments should take the initiative to act in coordination with land management departments in investigating and handling these violations of law.

3) All provinces, autonomous regions, and municipalities should make concrete arrangements and plans for the work of investigating and handling the cases of land used for nonagricultural purposes. Any leading organ or leading cadre at any level that has gone against the regulations to recklessly approve an unauthorized occupation of a piece of land should voluntarily carry out self-criticism, consciously correct the mistake, and submit to the investigation and action taken by the departments concerned. They will be sternly handled if they failed to do so. With regard to those who have not exercised good leadership over the efforts to investigate and deal with the unauthorized occupation and reckless use of land or even resist carrying out this work, the higher-up party committee and government should make timely moves to check into the matter and take appropriate action.

4) On the basis of an all-round investigation and handling of the cases of land occupied without authorization, all localities should carry out the registration of all pieces of land used for nonagricultural purposes and should issue certificates to establish and perfect a land registration and management system.

5) The investigation and handling of cases of land occupied by military units will be handled in accordance with a separate set of rules to be formulated by the Military Commission, the General Staff Department, the General Political Department, and the General Logistics Department on the basis of the previously mentioned guidelines.

3. Take comprehensive measures to step up land management.

1) Strengthen administrative control. The application, examination, and approval procedures defined by the relevant state regulations must be strictly followed for using land for other than agricultural construction. Governments at all levels must not delegate their examination and approval powers to subordinate units without authorization. Where these powers have been delegated, immediate action should be taken to correct this practice. The application and approval for land use must not be carried out piecemeal or by deception.

No one is permitted to go beyond his authorized power to examine or approve such an application. As stipulated in the regulations, the use of land requisitioned for state construction, land for village and town enterprises construction, cultivated land occupied for peasants' housing construction, and land designated as parks must be reported according to the state regulations to the respective people's governments at the county level or above for their approval. Resolute action should be taken to correct erroneous practices in village and town construction at present, such as giving oneself approval for land use, the willful expansion of the foundation area of one's house, and the buying and selling or the renting of land. From now on, wherever a case of unauthorized approval or unauthorized use of any piece of land is discovered, an investigation will be carried out to affix the responsibility on the local government and those who made the examination and gave the approval.

All localities should draw up and perfect their general programs for land use and their construction plans for cities, towns, and villages as soon as possible. The departments and local authorities concerned should gear up the work of standardizing rules on the use of land by various enterprises, institutions, and public facilities and for housing construction in rural areas. From now on, applications for land use must be screened and approved in strict accordance with these programs, plans, and rules. Major high-yield cropland and production bases for famous, special, and top-quality farm produce listed in the program should be put under careful protection and strict management. In general, land for commercial vegetable production in areas covered by the urban construction plan should not be used for other purposes. If it is definitely necessary to use such land for other purposes, new vegetable cropland should be designated as a substitute.

2) Restrict the use of land for nonagricultural purposes by means of economic measures. The state will levy a land tax and collect a land-utilization fee at varying rates according to the various uses and classes of land. **Specific** regulations for this should be worked out by the Ministry of Finance after consultation with the departments concerned and should be approved by the State Council before they are put into effect.

3) Enact a land law and related regulations and make them perfect. Work should be stepped up toward the enactment of the "land law of the People's Republic of China." After the "land law" is promulgated, all provincial, regional, and municipal governments should formulate their own regulations for land management according to their actual local conditions. Similar regulations should also be worked out for nonagricultural land, such as a land used by village and town enterprises and land for road construction in rural areas. Governments at all levels should constantly check the implementation of the land law and related regulations to ensure that the law and regulations are observed and that offenders are dealt with.

4. Establish and perfect land-management organs.

To strengthen the centralized land management across the country, it has been decided to establish a State Land Administrative Bureau as an organ directly under the State Council. The State Land Administrative Bureau will be responsible for the centralized management of the land in the whole country and will take care of land work in both cities and countryside. Its principal duties are to thoroughly implement the state law, regulations, and policies with regard to land; to take charge of the work of nationwide land surveys, registration, and statistics; to organize the departments concerned to formulate general programs for land use; to take care of the requisition and allocation of land in the whole country and be responsible for examining the requests for land requisition and allocation and for passing such requests to the State Council for approval as required; to conduct investigations and studies to resolve any major problems in land management; to check and supervise the land use in various localities and by various departments and, doing a good job, to have them well coordinated; and to work with the departments concerned to resolve land disputes and to investigate and handle cases where land is illegally misused.

Under the premise that the state exercises centralized management of land, all departments concerned should make an earnest effort to draw up their land-utilization plans and ensure that the land is used properly and well protected and that appropriate land-improvement work is done. Any change in ownership must be reported to the land management department concerned for examination and approval.

Local people's governments at and above the county level should set up land management organs and perfect them according to the principle of centralized land management. Specific details on the establishment of such organs should be decided by the respective provinces, autonomous regions, and municipalities themselves. As for townships and towns, the county people's governments may dispatch their land-management personnel to take care of the work.

The party committees and people's governments of all provinces, autonomous regions, and municipalities are requested to submit a report to the CPC Central Committee and the State Council prior to the end of this year stating how the contents of this circular have been implemented in their respective localities.

CPC Central Committee, State Council, 21 March 1986

RENMIN RIBAO ON CHECKING ABUSE OF FARMLAND

HK030637 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3 Apr 86 p 2

[Commentator's article: "Leading Cadres Should Become Good Guardians of the Land"]

[Text] Today, the "CPC Central Committee and State Council circular on strengthening the management of land and checking the abuse of farmland" is published in the press. The purpose of issuing this circular is clear; it is to rapidly check the evil tendency of farmland abuse.

The evil tendency of farmland abuse has not just appeared but has existed for a fairly long time. In recent years, the party central leadership and the State Council have successively laid down many rules and regulations on land management; and propaganda in this regard has also been carried again and again in newspapers and broadcasts. Localities are required to strictly ban the abuse of farmland. However, this evil tendency has not been brought under control in many localities thus far. An important reason is that some obstacles exist in the intermediate links of the authorities. Some local leaders do not faithfully carry out the central directions and orders and disregard law and discipline. They recklessly give the green light to farmland abuses. According to an investigation, in 1984, some 300,000 mu of farmland in a southern province was used for nonfarming purposes, and only 50,000 mu of this land was approved by the land management department, the remaining land being all approved by leaders at various levels. "If the upper beam is not straight, the lower ones will go aslant." If leaders take the lead in violating laws and regulations, other people will also be bold enough to abuse farmland.

In order to check the evil tendency, local leaders at all levels must set a good example. For this reason, the latest circular of the party Central Committee and the State Council particularly stipulates that leading cadres who take the initiative in illegally using farmland or supporting land abuse must be severely punished. It is our hope that leading comrades at all levels will take the lead in abiding by laws and regulations, keenly publicize state policies, faithfully perform their duties, and set a good example for the masses, and they must not set a negative example.

So far, our country's "land law" has not been promulgated, and our land management work encounters many difficulties. Comrades in the land management departments should have the courage to surmount difficulties and make advances. At the same time, they should also be prudent and carefully follow and strictly enforce the regulations. If some special cases are not clearly covered by the regulations, we should promptly submit them to the higher authorities for instructions, and should not recklessly make decisions without asking for instructions and lose control. The slogan of "decontrolling and enlivening" should not be applied to the work of land management. Leaders in all localities and at all levels must firmly support the work of the land departments, and should encourage them to be good guardians of the land. Local leaders themselves should also be good guardians of the land.

#### PROPER MANAGEMENT OF FARMLAND EMPHASIZED

OW030924 Beijing XINHUA Domestic Service in Chinese 1255 GMT 2 Apr 86

[XINHUA Commentator: "Strengthen Management, Cherish Farmland"]

[Text] Beijing, 2 Apr (XINHUA) -- The "circular of the CPC Central Committee and the State Council on improving land management and prohibiting the unauthorized occupation of farmland" transmitted by XINHUA today has again stressed the need to take effective measures to strengthen farmland management and firmly check the unauthorized occupation of farmland.

Farmland is the most basic means of agricultural production and the material foundation on which people rely for existence. Despite repeated injunctions by the party Central Committee and the State Council prohibiting the unauthorized occupation of farmland, this phenomenon has continued in some localities in recent years. In Zhejiang Province where the farmland per capita is only 0.7 mu, the decrease farmland area in 1984 is equivalent to the total decrease of the previous 3 years; the farmland in Henan Province decreased by 1.5 million mu in 1984, 43 percent more than the average decrease of the previous 28 years; while the farmland in Shandong Province decreased by 730,000 mu the same year, 300,000 mu more than the previous year's decrease. According to statistics by departments concerned, farmland in the country has decreased by about 20 million mu annually over the last 2 years, equivalent to the area of farmland in Fujian Province. While the population has increased year after year, the area of farmland has diminished continuously. If no emergency measures are taken to resolve this problem, not only will it bring serious consequences to the development of the national economy, but it will also be disastrous to future generations.

Why have we failed to check the unauthorized occupation of farmland? An important reason is that some people do not understand the great significance of cherishing farmland. They think that it is economically worthwhile to use farmland for industrial, transportation, and rural construction projects because they can earn a much greater output value than that from using the same farmland area for agricultural production. Using farmland for indispensable construction projects is permissible, of course. However, it will be a one-sided practice to simply use the volume of output value to determine whether land is being used rationally. No matter how much output value a nonagricultural project can produce from farmland, that project can never satisfy the people's needs for farm produce and their need to have enough to eat. This is basic common sense. New rural cadres have an erroneous idea regarding farmland owned by the collective, believing that it has the right to use the land to set up a rural enterprise without obtaining approval at various levels. The "regulations concerning land use for housing construction in villages and towns," promulgated by the State Council in 1982, clearly stipulate: "A rural enterprise or institution applying to use land for housing construction must first submit the papers and blueprints of the construction project to the concerned department at and or above the county level for approval.

Also, "after the approved papers and blueprints are discussed and adopted by a general meeting of members of the enterprise or institution, submit them to people's government at or above the country level for final approval." These stipulations show that land use for rural enterprises is not a matter to be decided by town and township cadres.

It is a misunderstanding among some peasants who think that as long as they have contracted the land, they are entitled to dispose of it at will. Land contracts only give the right to manage and use the land, which is not tantamount to land ownership. Leasing, selling, or buying and building houses or tombs or excavating on contracted land are prohibited.

The fundamental way to check the unauthorized occupation and use of farmland lies in strengthening land management and strictly examining and approving applications for land requisition to ensure that things are done according to law and that lawbreakers are punished. After the central authorities' document is transmitted to lower levels, organizations at all levels will be confronted with the important task of organizing forces to conduct a serious inspection to duly handle cases of the unauthorized occupation and use of land according to the law so that they will not serve as a precedent in and will not reap profit from the unauthorized occupation and use of land. Without so doing, it is impossible to check such practices.

#### SIXTH PLAN LAND RECLAMATION ACHIEVEMENTS REPORTED

OW012345 Beijing XINHUA Domestic Service in Chinese 1226 GMT 31 Mar 86

[By reporter Ren Zeli]

[Excerpts] Beijing, 31 Mar (XINHUA) -- It has been reported at the national meeting on land reclamation and state farms now in session in Beijing that after the reform carried out during the Sixth 5-Year Plan period, China has turned its system of land reclamation and state farms into a system of state-owned agricultural, industrial and commercial establishments under comprehensive management and revitalized the economy of state farms for land reclamation.

With more than 2,000 state farms as the foundation, over 9,400 farm reclamation industrial enterprises as the backbone and the various integrated enterprises and companies that link agriculture with industry and commerce, this industrial system has turned out large quantities of industrial and farm products to satisfy social needs. At the same time, it has accumulated funds for the development of the nation's four modernizations program.

According to statistics, the total output value in industry and agriculture of the system of state farms and land reclamation in the country reached 16.7 billion yuan in 1985, an increase of 67 percent over the 1980 figure. This total output value was increased by an average of 10.8 percent per year over the past 5 years. There were 596 reclamation farms that doubled their industrial and agricultural output in 1985, accounting for 29 percent of the total number of such farms. State farms in 10 provinces and autonomous regions recorded financial losses in 1980; however, state farms in all the provinces and autonomous regions registered profits in 1985. During the past 5 years, they reaped a total profit of 3.4 billion yuan, delivered 3.1 billion yuan of taxes to the state, and witnessed a simultaneous growth in output values, profits and tax payments. During 1985, the enterprises under the system of state farms and land reclamation produced 152,000 tons of cotton and 168,000 tons of rubber, marking increases of 72 percent and 64 percent respectively as compared with 1980.

Industries in state farms also developed from scratch. The total industrial output value accounted for 53.3 percent of the total output value in industry and agriculture. A large number of outstanding, famous-brand products have been manufactured and supplied to the market.

The average wage for a state farm worker reached 880 yuan in 1985, an increase of 37.5 percent as compared with the average wage of 640 yuan in 1980. During the Sixth 5-Year Plan Period, the average per-capita floor space of living quarters for a state farm worker has been increased by 1.3 square meters to reach 7 square meters. Various farms have built and repaired recreation and child care centers and promoted cultural activities for the workers' well-being in order to improve their material and culture life.

#### WANG ZHEN ATTENDS LAND RECLAMATION MEETING

OW032119 Beijing XINHUA Domestic Service in Chinese 1214 GMT 3 Apr 86

[Text] Beijing, 3 Apr (XINHUA) -- Wang Zhen, vice chairman of the Advisory Commission of the CPC Central Committee, attended the national meeting on land reclamation on the afternoon of 2 April, and held discussions with leading comrades of departments in charge of land reclamation of various provinces, autonomous regions, and municipalities directly under the central government.

Wang Zhen said: The CPC Central Committee and the State Council approved and distributed the "report on the issue of reforming the economic system of reclamation farms" submitted by the Ministry of Agriculture, Animal Husbandry, and Fishery; pointed out the direction and focal points in carrying out such reform; and reaffirmed the principle and policy in this regard. He asked the broad masses of cadres, workers, and staff members in the field of land reclamation to earnestly implement the principles and policy. Wang Zhen called on everyone to use fully the glorious tradition of waging arduous struggles, run workers' family farms well, develop diversified economy, promote lateral economic integration, accelerate intellectual development, strengthen unity among all nationalities, and strive to score new achievements in the first year of the Seventh 5-Year Plan.

Du Runsheng, director of the Rural Policy Research Center of the Secretariat of the CPC Central Committee, attended the meeting and delivered a speech.

#### ZHOU GUCHENG SAYS NPC NO MERE 'RUBBER STAMP'

OW071442 Beijing XINHUA in English 1430 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- The unanimity of the National People's Congress (NPC) reflects the common understanding the consensus among deputies on important legislation, said Zhou Gucheng, vice-chairman of the NPC Standing Committee. He rejected the description by some foreign newspapers that the NPC was merely a "rubber stamp". The respected historian said: "It is necessary for us to respect history and reveal the truth." Zhou, 88, also vice-chairman of the Chinese Peasants' and Workers' Democratic Party Central Committee, said that all the motions and bills presented to the NPC for deliberation and approval had first been discussed by experts in relevant fields. The 3,000 deputies approved them only after careful deliberation and meticulous study. In fact, there was no unanimous opinion on every motion or bill at the very beginning, he said. Various opinions and suggestions were taken into consideration. Practical views were adopted, while explanations were given to deputies whose opinions were not feasible or which could not be adopted for various reasons. This was the reason why there often appeared to be unanimity on important issues, or very few negative votes or abstentions.

Zhou described this practice "real democracy" -- the pooling of the wisdom of the majority. He also compared China's legislation process with those in Western countries. In a Western parliament, a bill had to be approved by a majority, as was the case in China.

Regarding fears that laws and the Constitution might be trampled, as happened in the "Cultural Revolution", he shared the view of many Chinese legal experts that China had summed up the experiences of the past three decades, especially learning the "bitter lessons" from the Cultural Revolution, and had begun promoting socialist democracy and the rule of law in 1978. The mistakes of the "Cultural Revolution" underlined the importance of establishing and perfecting the legal system, Zhou said. As the socialist system had been established less than 37 years ago, China would have to make unremitting efforts for many years to promote democracy and the legal system.

Zhou praised the State Council's decision to publicize China's laws, and promote legal knowledge. He added: "If everyone knows the law and if the implementation of the law is properly supervised, the history of the Cultural Revolution will never occur again."

#### NPC BANK OFFICIALS ON LOCAL MONETARY REFORM

OW070132 Beijing XINHUA in English 0119 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- An experiment in monetary reform being pioneered by five cities may be extended to other areas in the coming years, according to banking officials attending the current National People's Congress session. Under the experiment, which began towards the end of last year, state-owned enterprises can raise money by issuing stocks and bonds. With the permission of the People's Bank of China, stocks offering dividends and voting rights can be issued directly by the enterprises to other businesses and individuals, while specialized banks can issue savings bonds to the public, and then lend money to the enterprises. The five cities involved -- Guangzhou, Chongqing, Wuhan, Shenyang and Changzhou -- can lend money to and borrow from each other, and set up various financial ties. The experiment is aimed at establishing lateral financial ties between areas, independent of direct central control, and is seen as a first step in the gradual formation of a Chinese monetary market, according to the officials. They said that a seminar to assess the experiment will be held, probably later this year, at which financial authorities may decide to expand the experiment.

Premier Zhao Ziyang outlined the reform of China's financial structure in his report on the Seventh Five-Year Plan for 1986-90 at the current NPC session. He said: "We must make special efforts to strengthen the important role of banks in macro-economic control, to establish a powerful but flexible system of financial control and regulation through the reform of the financial structure, and to give full play to the role of the banking system in raising funds, guiding the flow of funds, making better use of them and regulating social demand."

Instead of exerting direct financial control by allocating central investment funds through banks to enterprises, the aim of the experiment is to switch to indirect control. The People's Bank of China, which now acts as the central bank, sets loan quotas for specialized banks, such as the Industrial and Commercial Bank, the Agricultural Bank, the Construction Bank and the Bank of China, which raise the money in various independent ways. Financial institutions can now lend money to and borrow from each other in the same city or banks in other cities.

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Wu Dacheng, an NPC deputy and director of the Chongqing branch of the Industrial and Commercial Bank of China, said his city now also has lateral monetary ties with Dalin, Harbin and Xian as well as the three municipalities of Beijing, Shanghai, and Tianjin. His branch has borrowed 90 million yuan from Beijing and Guangzhou this year. He said the Chongqing banks has also set up business ties with banking institutions in Sichuan, Guizhou and Yunnan Provinces and Guangxi Zhuang Autonomous Region.

The Shenyang City government gave 68 enterprises permission to issue stocks and bonds for technical transformation last year. Twenty million yuan of bonds issued by banks for the Shenyang cable factory was sold out within a few days.

The banking deputies believe the experiment in the five cities will be of great assistance to national monetary restructuring.

#### DENG YINGCHAO STRESSES COMPULSORY EDUCATION

OW071417 Beijing XINHUA in English 1321 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- Deng Yingchao, chairwoman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), today called on China's education workers to take the lead in implementing the Law on Compulsory Education.

Deng told a group of women representatives at the ongoing CPPCC annual session in Beijing that the success of the law will require the effort of the education workers and their confidence in the cause, apart from the leadership of the Chinese Communist Party and the support from people of all walks of life. She said that the education workers throughout the country should enhance people's understanding of the significance of the law by demonstrating their fervent love for the cause of education. "In promoting compulsory education," she said, "qualified personnel is more important than financial conditions. Therefore, the training of teachers should be sped up, and free rein should be given to talented people."

However, she added, self-reliance should be emphasized. People should not look to the government for everything. "We are bound to be confronted with difficulties," she said. "But once we overcome them through joint efforts, we will make a giant advance in pushing our cause forward."

Six CPPCC women members had spoken about the draft law before Deng's speech. While commenting favorably on the draft, they also put forth suggestions on issues concerning personnel, funds and the way to carry out the program. "I have spent most of my life teaching," said Xu Nanying, principal of Suzhou Middle School in Jiangsu Province. "A law like this is something I have long dreamt of." She saw the training of teachers as a more urgent task. While promoting education at the primary and middle-school level, she added attention should also be given to the popularization of kindergarten education.

In raising funds for education, said Zhang Ziqing, a senior engineer with the Ministry of Machine-Building Industry, a combined effort should be made by the government and the community.

Deng Yingchao agreed with their views, adding that their suggestions will be heeded by the government. "In fact," she said, "the draft Law on Compulsory Education is a crystallization of your experience."

BAINQEN ERDINI SPEAKS ON XIZANG ISSUES

## Supports 'One Country, Two Systems

OW071145 Beijing XINHUA in English 0927 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- The Bainqen Lama said here today that Tibet's democratic reform and the concept of "one country, two systems" are two entirely different issues and so should not be mixed up. Bainqen Erdini Qoigyil Gyaincain, a Tibetan and vice-chairman of the Standing Committee of the National People's Congress, said some people abroad attempted to list Tibet's democratic reforms as an example to prove that the concept of "one country, two systems" does not work. "This is a misinterpretation and an excuse found by some people to oppose the correct policy of 'one country, two systems'," he told a group of Hong Kong journalists this morning.

He recalled that there was no such concept at all in 1951, when the central government and the Tibet local government signed an agreement on the peaceful liberation of Tibet. "Under the agreement, Bainqen said, "Tibet's previous social system will have to be reformed. But how to carry out the reform involves consultation with leaders of the Tibet local government and Tibet residents." He went on to say that the agreement was faithfully executed after Tibet's peaceful liberation. The central authorities adopted a very "cautious" attitude towards Tibet's democratic reform and announced in 1956 and 1957 that Tibet would not carry out reforms during China's Second Five-Year Plan (1958-62).

Instigated by imperialists, however, a handful of Tibet's upper-class elements launched an armed rebellion in 1959, the Bainqen Lama said. "They attempted to split our motherland to create two countries, rather than to oppose democratic reforms in Tibet," he noted. This act ran counter to the phase of "upholding the unification of the motherland" as provided in the agreement.

He told reporters that the Tibet people strongly demanded reform of the serf system after the rebellion was put down in 1959. "I personally expressed this demand of the Tibet people then to Chairman Mao Zedong and Premier Zhou Enlai," he added. Only under these circumstances, did Tibet begin carrying out reforms, he explained. "If the Tibet people had not expressed such a demand, democratic reforms would not have been carried out then," he noted.

"Hong Kong, Taiwan and Tibet are totally different issues," the Bainqen Lama stressed. "After Hong Kong and Taiwan return to the embrace of the motherland, the social system will remain unchanged so as to maintain prosperity there." "I think this is beneficial to people in Hong Kong, and on Taiwan and the mainland, as well as to the people in other parts of the world," he told reporters. He went on: "I think the policy of 'one country, two systems' is entirely correct and workable. That's why I sincerely support it."

## Dalai Lama Invited

OW071217 Beijing XINHUA in English 1137 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- A high-ranking Tibetan official said here today that the Chinese people welcome the Dalai Lama to come back to live provided he abandons activities for "independent Tibet." Bainqen Erdini Qoigyil Gyaincain, vice-chairman of the National People's Congress Standing Committee, made this remark at a meeting with a group of journalists from Hong Kong this morning.

In the past few years, he said, the Dalai Lama, who now lives in India, sent several groups of representatives to Beijing to contact the central authorities. The Bainqen Lama met all these groups in person. "The Dalai Lama wrote letters to me, to which I replied. I told him in my letters that the central authorities and the Chinese people welcome him to come back to live, so do I," the religious leader said. "He can come back whenever he feels his misgivings are gone." "But, the Dalai Lama must abandon 'independent Tibet' activities," he added. "If he insists in going for 'independent Tibet,' we will have nothing in common with him. Everything else can be easily settled if he recognizes China's unification," the Bainqen Lama said.

He said the five-point policy toward the Dalai Lama "is not changed today and will remain so in the future." According to the policy, first explained by General Secretary Hu Yaobang on behalf of the Communist Party Central Committee in 1981, if the Dalai Lama comes back to live, he will enjoy the same political treatment and living conditions as he did before 1959 when he went to India. When he decides to come back, he can issue a brief statement to the press. It's up to him to decide what he would say in the statement.

The Bainqen Lama said that other Tibetans living abroad are also welcome to come back to visit or settle down. "They are free to go abroad again if they wish," he said. "I hope all Tibetans abroad stop activities for 'independent Tibet,' which are detrimental to the interests of the Tibetan people and the big family of all Chinese nationalities," he said.

#### Urges Investment

OW071421 Beijing XINHUA in English 1244 GMT 7 Apr 86

[Text] Beijing, April 7 (XINHUA) -- Tibet, known as the "roof of the world", is pursuing the policy of opening to the outside world like other parts of China, a high-ranking Tibetan official said here today. Bainqen Erdini Qoigy Gyaincain, vice-chairman of the Standing Committee of the National People's Congress, invited business people from Hong Kong, Macao and overseas to invest in the vast Tibet Autonomous Region.

Speaking to a group of Hong Kong journalists here this morning, the Bainqen Lama said the introduction of foreign advanced technology and equipment would help Tibet develop its natural resources and boost its economic growth. "We can provide preferential treatment to foreign investors," he said. "Though Tibet is not a special economic zone, it has been empowered by the central government to adopt special policies and flexible measures." The press conference was held in the Tibet room, decorated with Tibetan murals, at the Great Hall of the People.

The Bainqen Lama visited Tibet in 1982 and 1985. "I was impressed by the remarkable changes in the past three years," he said, "particularly in living conditions and the outlook of the local people." "During my 40-day stay in Tibet last year," he went on, "all Tibetans I met everywhere were happy, healthy and well dressed." "This shows that the broad masses of Tibetans have solved the long-standing problem of having adequate to eat and wear," he commented.

He told the reporters that if they go to visit Lhasa today, they would no longer suffer from the jolty drive from the airport to the city, as the 100-kilometer highway has been asphalted. In fact, he added, the highway between Qinghai Province and Lhasa has been asphalted.

Bainqen also listed other achievements Tibet has scored in the past few years:

- The output value of agriculture and animal husbandry totalled more than 700 million yuan in 1985, 89 percent up the previous record year of 1965;
- Forty projects, including hotels, a modern stadium and theatres, were completed last year, thanks to the aid from nine provinces and municipalities;
- With the establishment of a new university, Tibet has four institutes of higher learning, in addition to primary and middle schools;
- New progress has been made in developing traditional culture, including Tibetan medicine and opera;
- In the field of religion, the region has repaired or restored a large number of temples, set up a Buddhism college, trained a number of young lamas and resumed the traditional prayer ceremony which had been suspended for 20 years.

CHEN PIXIAN EULOGIZES LATE SHANGHAI MAYOR

OW012319 Shanghai WEN HUI BAO in Chinese 27 Mar 86 p 3

[Article by Chen Pixian: "In Profound Memory of Comrade Cao Diqu" -- written on the 10th anniversary of the death of Comrade Cao Diqu]

[Excerpts] Comrade Diqu left us a full decade ago, during which our country's situation has undergone radical changes. Thanks to the restoration of order following the 3d Plenary Session of the 11th CPC Central Committee, the Marxist ideological line has been reestablished, the course of our work recharted, fruitful results achieved in implementing the party's lines and general and specific policies, the united and stable political situation -- which was not easy to achieve -- continues to consolidate and develop, and the economy keeps developing in a sustained, stable, and coordinated manner. Were Comrade Diqu able to see these changes from the other world, he would certainly nod with approval. During the decade of great disorder, Comrade Diqu was ruthlessly persecuted by the "gang of four." At one point, he and I were imprisoned in the same room and assigned to work in the same "May 7 Cadres School," where we were denounced and criticized together on many occasions. Although we were close to each other, we were not allowed to talk to each other. In silence, we showed utter devotion to each other, firmly convinced that the time when humans, demons, and right and wrong were all confounded would pass like dark clouds, and that Marxist truth and the strength of the party and the people would shine again. Ten years have elapsed now, and the truth of Marxism is shining even more brilliantly with the passage of time.

Comrade Diqu accumulated rich experiences in doing local administrative work, for which he devoted long years of service. When he was vice mayor of mayor of Shanghai, he contributed immensely to building the government. Although his work was frequently obstructed by the then principal leading member of the municipal party committee, who monopolized government work by instituting a patriarchal system under which only what he said counted. With the support of the majority of comrades of the municipal party committee, Comrade Diqu was able to make government work more efficient, giving full scope to the measures he adopted to make the government fully functional in organizing social, economic, and cultural activities. To make sure the party's general and specific policies could be implemented in government work, he personally instituted a system under which a mayoral meeting was held weekly, a municipal people's committee meeting was held monthly, and people's congresses were held at regular intervals. Deputies were also regularly organized to conduct inspections so that the masses could constantly supervise the government and help it carry out its work. He frequently reminded the various government departments, saying: "Our party is the ruling party, and many of its general and specific policies can only be made known to the people and effectively implemented through government organs at various levels, and so government work must be done properly."

He added: "An important task such as socialist construction can only be successfully carried out by arousing the enthusiasm of Shanghai's 10 million people through fostering people's democracy."

During the "Great Leap Forward," several gusts of evil wind were whipped up nationwide, and metaphysical ideas were rampant. During the mayoral meetings, however, Comrade Diqiu never exaggerated things nor chimed in with others. Instead, he publicly rejected the practice of exaggerating achievements and boasting of the achievement of "high targets." He said: "Should we go after high speed unrealistically and fail to develop production on a solid material foundation, we certainly will become bogged down by subjectivism." Criticizing those days' abnormal and unrealistic propaganda concerning the "launching of a satellite of high production," he said in an article entitled "On Balance and Imbalance" published by the journal JIEFANG: We cannot possibly achieve high speed and high quotas and try to increase the quotas by 10 to several dozen times without regard for the various factors essential for achieving high quotas. Because of his honest, realistic, and practical approach and aversion to high-sounding words and superficiality, he won great respect among the broad masses of cadres. During the "Cultural Revolution," Jiang Qing, Zhang Chunqiao, and their ilk slung mud at Comrade Diqiu, calling him a "traitor," but Comrade Diqiu always upheld truth and firmly, courageously, and unequivocally refuted the "gang of four's" slanders and never told a lie, demonstrating a Communist Party member's revolutionary steadfastness and lofty character of not yielding to force.

Comrade Diqiu dedicated himself to revolution for nearly half a century. During that period, he worked diligently and loyally for the party and the people and totally dedicated himself to the communist cause. His outstanding qualities and style are forever our example. Guided by the 12th party congress' general goal and general tasks, and under the CPC Central Committee's correct leadership, all party members and people in Shanghai, on the basis of eradicating the filth left behind by the "gang of four," are struggling in unity to achieve another magnificent plan, to achieve the strategy for Shanghai's economic development, to build Shanghai into a highly civilized modernized city, to implement the Seventh 5-Year Plan, and to make new contributions to the nation's four modernizations program. This is the best way to commemorate Comrade Diqiu. It was also Comrade Diqiu's goal when he worked in Shanghai.

#### GU MU INSPECTS WUXI WORK 30 MARCH - 2 APRIL

OW031135 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 2 Apr 86

[Text] Gu Mu, state councillor and head of the Tourism Coordination Group of the State Council, inspected work in Wuxi City, Jiangsu, from 30 March to 2 April. Comrade Gu Mu presided over a discussion meeting on the work of opening Suzhou, Wuxi, and Changzhou to the outside world and heard reports by the provincial government and Suzhou, Wuxi, and Changzhou Cities on opening to the outside world and developing tourism. Chen Huanyou, vice governor of Jiangsu, attended the discussion meeting on 31 March.

Comrade Gu Mu said: The Suzhou, Wuxi, and Changzhou areas are localities where economy is developed, transport facilities are convenient, tourism resources are rich, and foundations for opening to the outside world are very good. Moreover, we have already made a good start here. If we advance with bigger strides in utilizing foreign capital and importing technology, our might will be redoubled here. Comrade Gu Mu called on the three cities to do further good work in making economic reforms and to do well in opening to the outside world. He said: In utilizing foreign capital, importing technology, and increasing exports to earn foreign exchange, the three cities should be more determined and should advance at a faster pace so as to make still greater contributions to the state.

Touching on the development of tourism, Comrade Gu Mu said: Developing tourism and doing well in opening to the outside world promote each other. Resources for tourism are rich in both Suzhou and Wuxi; they must be further developed and exploited so we can have a new start in the first year of the Seventh 5-Year Plan. When leading comrades of the three cities talked about the present electric power shortage, Comrade Gu Mu said: All departments must take more effective and more flexible measures and work hard to solve this question.

#### FANG YI VISITS SICHUAN HYDROPOWER STATION SITE

HK060517 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 6 Apr 86

[Text] The preparatory work for the Ertan hydroelectric station has now been basically completed, and the basic conditions for starting construction are ready. The technical conditions are fully ripe.

Since late March, CPC Central Committee Political Bureau member Fang Yi, State Economics Commission Chairman Lu Dong, and Minister of Water Resources and Electric Power Qian Zhengying have gone to Ertan at Dukou to investigate and become familiar with the project's topographic and hydrological conditions and the state of survey and design work. They have also inspected the construction site of the station.

Ertan is located within Yanbian and Miyi counties on the lower reaches of the Yalong Jiang. The state departments in charge hold that this is a large hydroelectric project to be exploited in southwest China in the near future. Initial survey and design gives the station an installed capacity of 3 million kilowatts and an assured output of 1 million kilowatts. It will generate 16.2 billion kilowatt hours per year, equivalent to the total generation of the Sichuan power grid for 1984.

#### FANG YI ON ESTABLISHING ZIGONG TITANIUM BASE

HK050137 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 5 Apr 86

[Text] According to XINXI BAO [INFORMATION JOURNAL], Fang Yi, member of the CPC Central Committee Political Bureau and state councillor, inspected the (Donggua) metallurgy refinery in Zigong City on 2 April. He was accompanied by Sichuan Vice Governor Pu Haiqing. Comrade Fang Yi said: Zigong City has very good conditions and many strong points. China's first titanium industry base will be established here.

#### XI ZHONGXUN, OTHERS ATTEND MEMORIAL MEETING

OW041307 Beijing XINHUA Domestic Service in Chinese 1648 GMT 3 Apr 86

[Excerpt] Beijing, 3 Apr (XINHUA) -- Guan Ruiwu, Standing Committee member of the CPPCC National Committee, member of the Chinese People's National Committee in Defense of Children, and professor of Beijing Normal University, died of illness in Beijing on 26 March, at the age of 79. A ceremony to pay last respects to the remains of Comrade Guan Ruiwu was held at Beijing Hospital this afternoon.

Among those who sent wreaths were Deng Yingchao, Xi Zhongxun, Yang Jingren, Liu Lantao, Lu Dingyi, Cheng Zihua, Kang Keqing, Ji Fang, Zhuang Xiquan, Pagbalha Geleg Namgya, Hu Ziang, Qian Changzhao, Dong Qiwu, Tao Zhiyue, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Zhou Peiyuan, Burhan, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Fei Xiaotong, Zhao Puchu, Ye Shengtao, Qu Wu, Ba Jin, Ma Wenrui, Mao Yisheng, Liu Jingzhi, and other leading comrades.

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The CPPCC National Committee, the United Front Work Department of the CPC Central Committee, the Central Committee of the China Democratic League, the All-China Women's Federation, the Chinese People's National Committee in Defense of Children, the United Front Work Department of the Beijing Municipal CPC Committee, the Beijing Normal University, and other units also sent wreaths.

Among those who paid last respects to the remains of Comrade Guan Ruiwu were Xi Zhongxun, Yang Jingren, Liu Lantao, Zhou Peiyuan, Fei Xiaotong; members and Standing Committee members of the CPPCC National Committee who reside in Beijing; responsible persons of the United Front Work Department of the CPC Central Committee, the Central Committee of the China Democratic League, the Chinese People's National Committee in Defense of Children, the United Front Work Department of the Beijing Municipal CPC Committee, the Beijing Normal University, and other units; as well as friends and students of Comrade Guan Ruiwu. Zhao Wei, deputy secretary general of the CPPCC National Committee, attended the ceremony on behalf of Comrade Deng Yingchao.

YU QIULI SENDS WREATH TO EX-GENERAL'S MEMORIAL

OW060039 Beijing XINHUA Domestic Service in Chinese 1437 GMT 5 Apr 86

[Excerpts] Nanchang, 5 April (XINHUA) -- A memorial service for Comrade Gan Zuchang was held in his hometown in Lianhua County, Jiangxi Province this afternoon. He was a prominent CPC member, a long-tested and devoted Communist fighter, and a general who in the 1950's voluntarily returned to his hometown to become a peasant.

Units such as the NPC Standing Committee, the National CPPCC Committee, the CPC Central Committee's Organization Department, the Chinese PLA's General Political Department and General Logistics Department, the Central Military Commission's General Office, the Lanzhou Military Region, the Nanjing Military Region, the Xinjiang Uygur Autonomous Regional CPC Committee, and the Xinjiang Military District sent wreaths to the service. Also sending wreaths were such leading comrades as Yu Qiuli, Wang Zhen, Xiao Ke, Wang Enmao, Zhu Yunqian, and Wan Shaofen.

PENG ZHEN INSCRIBES BOOK COMMEMORATING EDUCATOR

OW031911 Beijing XINHUA in English 1903 GMT 3 Apr 86

[Text] Tianjin, April 3 (XINHUA) -- A collection of works in memory of Zhang Boling, one of China's most renowned contemporary educationalists, was published here today to mark the 110th anniversary of his birth. Zhang established two research institutes and seven schools including China's famous Nankai University in Tianjin. He devoted all his adult life to the cause of education until his death in 1951. "Collected Works in Commemoration of Zhang Boling", published by Nankai University, contains 40 articles written by Zhang's relatives, friends and colleagues about his educational theories and efforts to train qualified personnel to save old China from disaster. Peng Zhen, chairman of the National People's Congress Standing Committee, praised Zhang in an inscription for the book as being "a democratic and patriotic educationalist, who reformed backward feudal education by running schools". The collection also includes 30 photographs of Zhang at Nankai University.

FUJIAN URGES STRONGER ECONOMIC REFORM ORGANS

OW051210 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 2 Apr 86

[Text] The Fujian Provincial People's Government issued a circular recently, urging all localities to strengthen the building of their organs in charge of economic reform.

The circular points out: Organs in charge of economic reform are permanent, multi-functional departments set up under the people's governments at all levels to take charge of economic reform. Serving as advisors and as assistants to party committees and governments at all levels in restructuring the economic system, they should provide guidance and overall planning for economic reform (?in those areas) where they are located, and coordinate and supervise their work in this regard. To give full scope to their responsibilities, economic reform organs at various levels shall be, on an experimental basis, regarded as authorized government organs. Their staff members shall have the same political status, and shall receive the same pay, as the administrators of other multifunctional departments of the same levels.

The circular stresses: The number of staff members of these organs should be relatively stabilized.

JIANGSU GOVERNMENT CALLS FOR FIELD MANAGEMENT

OW060250 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 2 April 86

[Text] The provincial government recently issued an urgent circular calling on all localities to effectively step up later-stage field management of summer crops.

The circular urges all localities to begin the work now, to intensify efforts in the next 2 months, and to effectively step up later-stage field management with emphasis on fighting natural disasters. At present, attention should be focused on unclogging water channels to facilitate field drainage. Artificial weeding should be promptly carried out in places where weeds are rampant. Conscientious efforts should be made to do a good job in forecasting and preventing insect pests. In the meantime, proper amounts of top dressing should be applied in a timely manner in light of seedling growth. Application of top dressing outside of plough time for the period from ear bearing to sprouting should be strongly encouraged.

The circular hopes that concerned departments will make proper arrangements to ensure supplies of farm chemicals, high-grade chemical fertilizers, and pest control gases and oil required for later-stage field management of summer crops.

The circular also urges leaders at all levels to go to the grass roots to offer systematic guidance and step up inspection and supervision. Agrotechnicians should help farmers upgrade the level of scientific farming to ensure a bumper harvest of summer crops this year.

JIANGSU PROVINCE BANS UNAUTHORIZED USE OF LAND

OW021212 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 1 Apr 86

[Text] The Jiangsu Provincial Government issued an announcement on 18 March prohibiting unauthorized occupation and use of public land.

The announcement pointed out: Except for the land designated by law as state property, land in the rural areas and outskirts of cities is collectively owned. It may be used, but not owned, by any organization or individual. Land encroaching, buying, selling, leasing, and all other illegal forms of land transfer are strictly prohibited. If collectively owned enterprises and establishments in the rural need land for construction, they must have the approval of county-level or higher people's government. Unauthorized occupation of land, using more land than is authorized, misuse use of land [words indistinct] are strictly prohibited. Peasants' privately owned land and collectively-owned land and hilly land they are authorized to use under contract can only be used for agricultural production. Use of these lands for burial [words indistinct] that ravage farmland is strictly prohibited.

The announcement urges all localities to carry out a general inventory of land for construction purposes in the rural areas. It says: Without the approval of authorized organs, occupation of land in the rural areas against state law must be seriously handled according to the situation. In the course of examining and approving applications for land for housing construction or other purposes, personnel found guilty of fraud, irregularities, land speculation, retaliation, and violating state regulations governing land use must be seriously investigated and punished.

#### JIANGXI'S WAN SHAOFEN RESPONDS TO COMPLAINT

OW052045 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 31 Mar 86

[Excerpts] Wan Shaofen, secretary of the Jiangxi Provincial CPC Committee, responded to the letter from a fighter of a certain PLA unit in a timely manner and solved peasants' difficulty in selling grain to the state.

During this year's Spring Festival, Su Zhongchuan, leader of 3d squad, 4th Company, PLA unit No 32431 stationed in Fujian, returned to his native Nanchang County to visit his relatives. He found that his family was in great distress because it was unable to sell its late rice because the people of the Village Grain Purchasing Station were indulging in evil practices. Peasants wishing to sell grain to the state had to ferret out special connections and give dinners and gifts in order to sell the grain through the back door. Unwilling to do such things, Su Zhongchuan's father could not sell one kernel of the over 11,000 jin of late rice he had harvested in the fall.

Su Zhongchuan visited 6 villages and carefully investigated over 10 specialized grain-producing households during his visit home. After returning to his own unit, he wrote an investigation report over 3,000 words long to Wan Shaofen, secretary of the provincial CPC Committee.

In early March, Su Zhongchuan received a letter from his father, saying that Secretary Wan had immediately sent a work team to reorganize the grain purchasing station in his village after receiving his son's report and that now the over 10 specialized grain-producing households had all sold out their grain.

#### JIANGXI COMMENTARY STRESSES GRAIN PRODUCTION

OW061459 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 5 Apr 86

[Station Commentary: "Give Full Play to the Inherited Advantages, Do a Good Job of Grain Production"]

[Text] One major and immediate task for the rural areas is to plant early rice as much as possible to ensure the completion of the grain production plan.

Grain has always been a great plus in Jiangxi's agriculture, and is also a very important material base for remedying our drawbacks. Paying close attention to grain production and constantly raising the standard of this work are very important. In recent years, all localities throughout the province have vigorously readjusted the production structure in rural areas, reduced grain acreage, and expanded the acreage of cash crops, thereby promoting an all-round agricultural development. In the future, we should continue to readjust the production structure in rural areas while paying close attention to grain production.

We should realize, however, that some localities have failed to take the overall interests into consideration or implement the state planting plan. They have blindly developed a diversified economy in areas designated for grain production. Moreover, in some places, people have even built houses on arable land, thereby wasting a lot of farmland. Grain production will definitely suffer unless these practices are corrected.

Diversified economy and village and town enterprises will not be able to develop if grain production does not increase. This is disadvantageous to both the nation and the people. Since food plays an important role in people's livelihood, paying attention to grain production is vital to the national economy and people's livelihood. We must conscientiously implement the principle of never relaxing our efforts in grain production, and of vigorously promoting a diversified economy. Equally, we must maintain a relatively stable grain acreage and strive to raise the per unit yield of grain and improve grain quality.

Now is the time to fulfill the early rice planting plan. As early rice is the mainstay of grain production in our province, we should fulfill its planting plan, and, through the signing of grain purchase contracts, see to it that peasant households and production units grow grain in designated areas in order to ensure this year's agricultural bumper harvest.

#### SHANGHAI'S RUI XINGWEN ON ECONOMIC COOPERATION

OW040944 Shanghai City Service in Mandarin 0100 GMT 4 Apr 86

[Excerpt] The Shanghai Municipal CPC Committee and the Municipal Government invited the Shanghai office representatives of central departments, provinces, municipalities and autonomous regions to a discussion meeting at the hall of the municipal party committee. At the meeting opinions and suggestions on developing lateral economic ties with Shanghai were heard.

Comrade Rui Xingwen made a sum-up speech, thanking representatives for having offered many frank and sincere suggestions and reporting to them the difficulties Shanghai faces in such areas as industrial production and transportation. Comrade Rui Xingwen said: Shanghai needs to develop lateral economic ties and so do our fraternal provinces and areas. We should actively open a path for developing lateral economic ties with other provinces. He called on the municipal government and departments concerned to seriously handle and reply to opinions and suggestions made by the Shanghai office representatives from other provinces and areas. Attending the meeting were leading comrades from the municipal party committee and the municipal government, including Huang Ju, Wu Bangguo, Zhang Dinghong, Zhu Zongbao, Ye Gongqi, and Xie Lijuan, and responsible persons from departments concerned. It was revealed at the meeting that Shanghai has organized an economic, technological, and trade delegation that will visit some provinces, municipalities, and autonomous regions in 3 teams.

MENG QINGPING REPORTED AS 'NEW' HAINAN LEADER

OW080142 Beijing XINHUA in English 0122 GMT 8 Apr 86

[Text] Beijing, April 8 (XINHUA) -- Hainan Island will push up its economy around tropical cash crops, tourism, and marine products, according to the new leader of the island, south China.

Meng Qingping replaced Lei Yu, the former administrator of Hainan Island who was involved in a profiteering scandal last year. In outlining his plans for developing the economy of the island, China's second largest, next to Taiwan, Meng said: "We will make full use of the rich resources of the island, tap its potentials and improve the economic returns so as to set up an economic structure with Hainan Characteristics."

With an area of more than 30,000 square kilometers, the island is suitable for the cultivation of rubber trees, oil palm coconut, sugarcane, medicinal herbs and other cash crops. Another advantage of the island is its fascinating natural scenery. In recent years, the number of tourists has increased by 48 percent each year. Last year, 33,000 people toured the island and they included traders, investors, scientists and vacationers. The islanders raise fish and shrimp in the shallow waters around the island as well deep sea fishing. The island has had good marine harvests over the past five years.

While developing these three economic mainstays -- tropical cash crops, tourism and marine products, the local government has decided to accelerate construction of energy, transportation, and telecommunications. The Hainan authorities also plan to develop natural gas, mineral deposits and building materials, as well as train more personnel and establish a university.

HAINAN DISCIPLINE INSPECTION COMMISSION PRAISED

HK060223 Haikou Hainan Island Service in Mandarin 0400 GMT 2 Apr 86

[Excerpts] Not long ago, in a speech at the closing ceremony of the seventh plenary meeting held by the Central Discipline Inspection Commission, Comrade Han Guang, permanent secretary of the Central Discipline Inspection Commission, praised the exemplary role of the Hainan Regional Discipline Inspection Commission. He said: The Hainan automobile case involved many departments, but not the discipline inspection commission. This is very good.

At some meetings, the principal responsible comrade of the Guangdong Provincial CPC Committee praised the Hainan Regional Discipline Inspection Commission for its deeds in adhering to party spirit and principles and strengthening the building of itself. At a meeting on discipline inspection work throughout the province held at the beginning of March, the provincial CPC Committee printed and distributed the experience of the Hainan Regional Discipline Inspection Commission in doing discipline inspection work well. Their experience in upholding party discipline and faithfully fulfilling the honorable duties vested by the party Constitution profoundly enlightened the representatives at the meeting.

Yesterday, NANFANG RIBAO published a newsletter: "A Tough Discipline Inspection Commission," introducing the advanced deeds of the Hainan Regional Discipline Inspection Commission.

This newsletter was in three parts: 1) The Hainan Discipline Inspection Commission is tough in starting with proper personal conduct as an example before requiring others to have proper personal conduct; 2) The Hainan Discipline Inspection Commission is tough in adhering to principles; 3) The Hainan Discipline Inspection Commission is tough in daring to touch the tiger's buttocks.

In 1984, unhealthy trends, such as party and government organs engaging in commerce, spread to Hainan. Party and government organs throughout the region set up 872 large and small companies, 76 of which were set up by organs at the regional level. Some units approached the regional Discipline Inspection Commission on their own initiative about setting up companies jointly with the latter to do business. At that time, the interest of some cadres of the regional Discipline Inspection Commission was aroused and they wanted to engage in commerce to earn money to solve the problems of issuing subsidies and bonuses to cadres. The regional Discipline Inspection Commission could not **distinguish** for the moment between the new-born things emerging in the reform to develop new unhealthy trends, and could not make a decision.

What should they do? They tried to find a solution through the party's principles and policies. The regional Discipline Inspection Commission organized its discipline inspection cadres to seriously study the relevant documents of the CPC Central Committee and State Council and the speeches of leading comrades of the central authorities. Through study, they came to understand: If party and government organs and cadres engage in commerce and run enterprises, this will easily weaken all-round party and government leadership over economic work and affect party and government cadres working impartially and serving as servants of the people well; an erroneous tendency toward contending with the people for profits will easily occur; and a large number of so-called enterprises which take advantage of power to pursue private ends will be set up. This is not beneficial to really invigorating the economy. Thus, they had a clear head and were resolved to resist new unhealthy trends.

Over the past few years, none of the regional Discipline Inspection Commission members has engaged in commerce, set up a briefcase company, engaged in illicit foreign exchange dealings, taken part in reselling cars for profit, violated the law and discipline, or sought personal privileges.

In the second half of 1984, the unhealthy trend of Hainan party and government organs and cadres engaging in commerce and running enterprises and reselling imported cars for profit spread wildly. Confronting this turbulent unhealthy trend, the regional Discipline Inspection Commission was resolved to expose and resist it and did not allow it to do harm. Beginning in June 1984, the commission organized forces to conduct penetrating investigation and study and successively submitted several reports to the regional CPC Committee. These reports clearly pointed out that the unhealthy trend of reselling cars for profit should be immediately curbed and that those guilty of economic crimes should be investigated and dealt with. The reports also put forward measures and suggestions.

In the course of investigating and dealing with big and important cases, when the spearhead of struggle touched some powerful and influential figures and very big obstacles were encountered, with the support of the Central Discipline Inspection Commission, the provincial CPC Committee, the provincial Discipline Inspection Commission, and the regional CPC Committee, the regional Discipline Inspection Commission turned a deaf ear to people interceding for others, did not fear any obstacle, and dared to tackle difficult problems and to touch the tiger's buttocks.

Guan Xin, former chief editor of HAINAN RIBAO and secretary of its CPC Committee, was involved in serious economic trouble. The Discipline Inspection Commission and the Political and Legal department organized forces to seriously investigate and deal with him. The group for handling cases was selfless and dauntless. It soon got to the bottom of the facts of the crime. In the course of investigating and dealing with big and important cases, with the vigorous support of the Central Discipline Inspection Commission and the investigation group of the provincial Discipline Inspection Commission, the regional Discipline Inspection Commission and Political and Legal Department have investigated and dealt with all cases, whoever might be involved. It has also carried forward the spirit of destroying evil, leaving no chance for its revival, broken through the network of relationship, and opposed the practice of bureaucrats shielding one another. In investigating and dealing with the case of reselling imported cars at a profit by (Li Yulin), cadre of Haikou City Chemical Industry Service Company, the regional Discipline Inspection Commission discovered that this case involved Lin Taosen, former regional CPC Committee Standing Committee member and Organization Department director. Under the leadership of the regional CPC Committee, the regional Discipline Inspection Commission and the Political and Legal Department immediately organized forces to place the case on file for the investigation of Lin Taosen. The group for handling cases did not fear power or influence and vigorously plunged into the tense battle. Through arduous work in collecting evidence, the group eventually cracked the case of Lin Taosen. Last year, five comrades were commended, two comrades were awarded citations for merit, and one comrade was upgraded by way of reward.

#### HENAN HOLDS REPORT MEETING ON 5 APRIL MOVEMENT

HK050323 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 4 Apr 86

[Excerpts] This morning, the provincial federation of trade unions, The CYL committee, the federation of women, and the Zhengzhou City CPC Committee jointly held a report meeting in the Zhengzhou Guesthouse to mark the 10th anniversary of the 5 April Movement. Present were Liu Zhengwei, deputy secretary of the provincial CPC Committee; Hao Fuhong, vice Chairman of the provincial CPPCC; and representatives of the masses in the city.

Comrade Zhang Chixia made a speech. He said that the movement of 5 April 1976 was a spontaneous mass movement. During this struggle, the people displayed a high degree of socialist awareness and strong patriotic spirit.

He stressed: In commemorating the 5 April Movement and carrying forward the 5 April spirit, we must have a clear picture of the situation and our tasks, shoulder our historical responsibilities, work in concert and unity, and forge ahead to build a powerful modern socialist country. We must plunge into the floodtide of reform, aiming at the four modernizations. We must uphold party leadership and spontaneously preserve the political situation of stability and unity. We must strive for a fundamental turn for the better in party style and social mood.

HUNAN'S MAO ZHIYONG ON RURAL PUBLIC HEALTH WORK

HK060229 Changsha Hunan Provincial Service in Mandarin 2300 GMT 2 Apr 86

[Excerpts] Yesterday, at the provincial work conference on public health, Mao Zhiyong, secretary of the provincial CPC Committee, stressed that party and government leaders at all levels must pay close attention to the sufferings of the people and attach great importance to the development of rural public health work. In particular, they should actively help remote and poor areas improve their public health conditions, as well as solve problems of insufficient medical service.

After fully affirming the province's achievements in public health work over the years, Comrade Mao Zhiyong pointed out: in the wake of economic development and the improvement of living standards, the peasants have put forward further requirements on public health work. However, at present there are shortages of doctors and hospital beds in the rural areas. About half of province's rural population still face a shortage of drinking water. Furthermore, some localities have not done well in public health work for women and infants.

Comrade Mao Zhiyong said: In order to put an end to the backward situation in the public health work, the party and government leaders at all levels must do well work in three areas. First, they must persevere in reforms and discard the outmoded thinking of running the medical services only by one party. Instead, they should adopt the idea that the services should be jointly undertaken by the state, collectives, and individuals, thereby mobilizing the initiative of various sectors.

Second, based on the spirit of putting prevention first in medical work, we should arrange manpower, as well as material and financial resources, for our medical services. During the Seventh 5-Year Plan period, we must focus on building health centers for women and children and epidemic prevention centers, on augmenting the ranks of public health workers, and on strengthening the work of taking preventive medical measures. In remote and poor areas, we must combine the work of helping the poor get rich with that of providing medical services, so that, through medical treatment, the sick people will become healthy laborers.

Third, we should step up education in ethics for public health workers. Such ethics uphold benefits as the sole criterion for practising medicine and advocate the practice of serving the people wholeheartedly.

The conference was convened by the provincial CPC Committee and government. It was presided over by Wang Xiangtian, Standing Committee member of the provincial CPC Committee and vice governor. It was attended by more than 150 people, including responsible party and government comrades such as Shen Ruting, Chen Yufa, Liu Yanan, Li Tiangeng and (Chen Hongjing); as well as prefectural and city leaders and responsible comrades of the departments concerned.

GUIZHOU ORGANS STRAIGHTEN OUT ANOMALIES

HK060237 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 3 Apr 86

[Text] The demands on the organs and leading comrades of the provincial CPC Committee to act as an example in the course of straightening out party style, which were put forward by the provincial CPC Committee, have been satisfied in some units.

In October last year, a hostel of the provincial Agriculture Department bought a Nissan car for use in connection with foreign affairs. However, it was later exclusively used by the department director. A Bluebird car bought by the agricultural school of the department was also exchanged for a Beijing jeep by the department. After studying documents and the speeches of leading comrades of the Central authorities, the department Party Group reported to the provincial CPC Committee the mistakes of contending with others for the purchase of high-grade cars, and conducted self-criticism in the department. On March, the Party Group decided to return the Nissan car to the hostel, to lock up the Blue Bird car for safekeeping, and to make a report to the Provincial Government, asking for instruction on handling the Blue Bird.

In the course of straightening out, inspecting, and correcting unhealthy trends, the Guiyang Railroad Subbureau CPC Committee rescinded 99 contracts and agreements which had not conformed to regulations, discovered a sum of 37,000 yuan indiscriminately collected in charges, and dealt with 34 cases of indiscriminately collecting charges, indiscriminately raising prices, and extortion.

Since the organization of the new leadership group of the Provincial Communications Department, the members of its party group have not sought personal privileges or taken advantage of power to seek personal gain. When a daughter of (Yang Shourun), secretary of the party group, prepared a wedding ceremony, she wished to use the department's car to transport furniture. After her father had persuaded and educated her, she used a taxi instead. (Li Dazhong), deputy secretary, goes to work by bicycle on both clear and rainy days and has never used a car of the department. The other three deputy department directors also go to work on foot or by bus like ordinary cadres. The masses say that as the leaders have taken the lead in action, this promises hopes of a fundamental turn for better in party style.

XIZANG CONCLUDES CONFERENCE ON FOREIGN TRADE

HK060349 Lhasa Xizang Regional Service in Mandarin 1130 GMT 5 Apr 86

[Excerpt] The regional conference on foreign economic relations and trade concluded in Lhasa on 4 April. The regional CPC Committee and government attached great importance to this meeting. Regional CPC Committee Deputy Secretary Mao Rubai, government Acting Chairman Doje Cering, and Vice Chairman Puqung delivered important speeches.

The notable result of this meeting was that it unified people's understanding on foreign economic relations and trade work, ensured that this work would better match the region's and trade work, ensured that this work would better match the region's realities, and strengthened people's confidence in making a success of this work. In the future the region's foreign economic relations and trade work will advance healthily and rapidly under the guidance of the correct principles.

## Mao Rubai Views Leftism

HK050257 Lhasa Xizang Regional Service in Mandarin 1130 GMT 4 Apr 86

[Excerpts] According to XIZANG RIBAO, regional CPC Committee Deputy Secretary Mao Rubai said at the regional conference on foreign economic relations and trade, which was convened on 28 March: We must further eliminate leftist influence, straighten out the guiding ideas on foreign economic relations and trade work, enhance understanding of this work, mobilize the initiative of all sectors, work in concert, and make great efforts to improve the region's foreign economic relations and trade work.

Mao Rubai said that in order to make more foreign exchange through expanding exports, we must pay great attention this year to grasping the three cardinal links of production, procurement, and export. Our economic departments must do a good job in collecting, compiling, and exchanging information on the international market. In our export work, we must adopt a correct guideline suited to the actual conditions of Xizang, consolidate and expand traditional products, revive high-quality nationality products, and develop new products.

Mao Rubai said: We must further develop trade with neighboring countries, further raise restrictions on the products and volumes handled at border trade fairs, and encourage state-owned, collective, and individual units to invigorate small-volume border trade.

Comrade Mao Rubai said in conclusion: Foreign economic relations and trade is economic work involving external contacts. We must stick to the principle of presenting a united face to the outside world. Units that have no right to handle import and export trade must not handle it. Units that do have such rights must operate within the approved scope. The regional departments concerned must examine and approve invitations to foreign businessmen to come to Xizang to discuss trade and economic cooperation projects. These departments must also approve the practice of commissioning other provinces, municipalities, and autonomous regions to handle import and export goods on the region's behalf.

Doje Cering, acting chairman of the regional government, also spoke at the meeting. He said: This meeting must first tackle the issue of eliminating leftism. It is impossible to open up to the world and make a success of foreign economic relations and trade work without totally eliminating leftist ideological influence. Our region's foreign economic relations and trade work can only develop if we eliminate leftism and straighten out the ideological line and the guiding ideas on our professional work.

Doje Cering also laid particular stress on strengthening management in foreign economic relations and trade work. He said: Lifting restrictions further does not mean that no controls are needed. Only by insisting on centralized control and on presenting a united face to the outside world, instead of allowing everyone to go his own way, can Xizang's foreign economic relations and trade work enjoy good prospects and play a sound role in increasing the masses' income and financial revenue.

HEBEI CPC LEADERS GIVE GUIDANCE TO REPORTERS

SK050822 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 24 Mar 86

[Excerpts] On the afternoon of 24 March at the Hebei Guesthouse, leaders of the provincial CPC Committee invited reporters of HEBEI RIBAO and station reporters to a collective heart-to-heart talk. Xing Chongzhi, secretary of the provincial CPC Committee; Li Wenshan, deputy secretary of the provincial CPC Committee; and Liu Ronghui, Standing Committee member of the provincial CPC Committee and director of the Propaganda Department, respectively delivered speeches. They cordially encouraged the participants to be reporters with accomplishments and to write quality new reports in an effort to create a new situation in our province's news propaganda work.

Regarding the issue of how to become reporters with accomplishments, leading comrades of the provincial CPC Committee pointed out: First, we should seek connections in high places; and second, we should go deep into lower levels. In terms of seeking connections in high places, reporters should study well the basic theory of Marxism, in particular, the Marxist exposition of news work; and master the party's line, principles, and policies in order to upgrade their theoretical understanding and to arm themselves with political awareness. In terms of going deep into the lower levels, reporters should go deep into grass-roots units and the masses to carry forward the fine tradition and work style of waging an extremely hard and bitter struggle. The key to writing good new reports is to go deep into the forefront of the material and spiritual civilizations to gather information.

Representatives of other press units in Shijiazhuang City were also invited to the talk.

NEI MONGGOL HOLDS FORUM TO MARK 5 APRIL INCIDENT

SK060432 Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 5 Apr 86

[Excerpts] On the afternoon of 5 April representatives of various nationalities from various circles of Hohhot held a forum to mark the 10th anniversary of the 5 April Incident, unanimously pledging to carry forward the spirit of fighting for truth of that year, actively plunge into the present reforms and four modernization drive, and strive to revitalize China.

Attending the forum were regional party, government and Army leaders, including Tian Congming, Cai Ying, Liu Yunshan, Lin Weiran, He Yao, Butegeqi, and Baoyanbatu, and responsible comrades of the Hohhot City CPC Committee.

Tian Congming, deputy secretary of the regional CPC Committee, spoke at the forum. After giving brief account of the process of the 5 April Incident and its great significance, he said: A profound change of fundamental importance has taken place in our country. At present the most important task is to revitalize China with one heart and one mind and build socialism with Chinese characteristics.

Comrade Tian Congming said: After summing up historical experiences, we should firmly grasp the following: 1) It is necessary to unswervingly maintain unity in the CPC Central Committee and resolutely implement the line, principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee; 2) it is necessary to value the excellent situation of stability and unity, carry out the four modernizations and other undertakings with concerted efforts, and build socialism with Chinese characteristics; 3) it is necessary to carry out reform in a resolute, orderly, comprehensive and systematic manner, in which lies China's prospects, and without which there will be no way out; and 4) it is necessary to train generations upon generations of new people with ideals and a sense of discipline to accomplish the great task of building socialism with Chinese characteristics.

He urged the young people to foster ideals, study hard, enrich their knowledge, carry out their work actively and successfully, and contribute to the building of socialism.

Cai Ying, commander of the Nei Monggol Regional Military District, and Lin Weiran, vice chairman of the regional Advisory Commission, also spoke at the forum.

LI LIGONG SPEAKS ON SHANXI POLITICAL, LEGAL WORK

HK060257 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 5 Apr 86

[Excerpts] The provincial political and legal work conference concluded on 5 April after 5 days in session. Provincial CPC Committee Secretary Li Ligong made a speech. He said: The question of social order is a social issue. We cannot just rely on the political and legal departments to grasp it. The whole party and the whole people must tackle it and grasp the work unceasingly and thoroughly. At present we must pay special attention to six aspects of this work:

1. We must work hard to crack down on crime. After this meeting concludes, the province must organize forces to crack down hard on crime. Criminals should be executed, jailed, or sent for education through labor as appropriate. We must certainly not be soft in dealing with criminals.
2. Do a good job of grass-roots and basic work and step up the work of tackling the problems in a comprehensive way.
3. Strengthen the leadership of the CPC committees and government over political and legal work. The party committees must concern themselves with certain major cases, such as major economic cases involving leading cadres, and be responsible for supervision and inspection.
4. Do a good job in building the political and legal contingent.
5. Do a good job in production safety work and accident prevention. People directly responsible for accidents must be held accountable, including legally accountable.
6. Step up education in the legal system for the cadres and masses.

HEILONGJIANG CPC WORK CONFERENCE OPENS 4 APR

SK050140 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 4 Apr 86

[Text] At the organizational work conference of the provincial CPC Committee, which opened today, Li He, Standing Committee member of the provincial CPC Committee and director of the Organization Department of the provincial CPC Committee, delivered a work report entitled "Persistently Serve the Four Modernizations and Strive to Upgrade the Quality of Organizational Work."

He stated in his report: The provincial CPC Committee has defined the enterprises and establishments which are carrying out the reform of their leadership systems on a trial basis should continue to persist in the principle of the party administering cadres to readjust the cadres who fail to suit the demands of the situation or are incompetent in doing their jobs. Instead of the lifetime tenure system, a system of appointment and removal should be carried out among the cadres who were newly promoted after the organizational reform. Organization departments should enhance supervision over the work of promoting the children of leading cadres. The names of children of principal leading cadres of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission who are going to bypass the immediate leadership to take leading posts at or above the county level should be submitted to the Organization Department of the provincial CPC Committee for examination.

Efforts should be made to control the functions and powers of leading bodies. Organization departments and personnel affairs departments should strengthen supervision and management over the work of appointing and removing leading cadres, strictly enforce discipline in keeping secret organizational work and personnel affairs, and enthusiastically carry out the reform of the cadres' system and the work methods of cadres.

SUN WEIBEN AT HEILONGJIANG SUPPORT MEETING

SK070459 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 5 Apr 86

[Excerpts] A report group of the province's advanced persons from all fronts who have ideals, morality, education, and a sense of discipline, held its first report meeting in the provincial capital on 5 April.

Leading comrades of the province, including Sun Weiben and Hou Jie, also heard reports given by the advanced persons. Chen Yunlin, deputy secretary of the provincial CPC Committee, gave a speech. He said: It is necessary to use the model deeds of the report group members as vital teaching materials for conducting education on party spirit and for rectifying party style among all party members. All party-member cadres, particularly leading cadres at all levels, should take the lead in the study, use the lofty spirit of the advanced models to stimulate their fighting will and to guide their actions, set strict demands on themselves, serve as examples, and make positive contributions to achieving fundamental improvements in the party style of the provincial-level organs this year.

JILIN HOLDS POLITICAL, LEGAL WORK CONFERENCE

SK060707 Changchun Jilin Provincial Service in Mandarin 1030 GMT 5 Apr 86

[Excerpts] The 5-day provincial political and legal work conference, which opened on 1 April, concluded today.

The conference relayed the guidelines of the national political and legal work conference, and studied and formulated plans for this year's political and legal work. Comrade (Yang Feng), deputy secretary of the Political and Legal Commission of the provincial CPC Committee, presided over the conference. Comrade (Li Chengjiu), secretary of the commission, relayed the guidelines of the national political and legal work conference. Wang Xianjin and Wang Zhongyu, deputy secretary of the provincial CPC Committee, spoke on the province's public security situation, the tasks for political and legal work, and the propaganda and education on the legal system.

The conference noted: In this year's political and legal work, we should adhere to the guiding ideology of grasping construction with one hand and the legal system with another, deal stern blows to serious economic and other criminal activities, conscientiously carry out the various measures for tackling public security problems in a comprehensive manner, further improve socialist legality, enhance the competence of political and legal personnel, and rely on the leadership of CPC committees at all levels to realize a steady improvement in the province's public security this year.

In analyzing the province's public security situation, the conference pointed out: Thanks to the efforts to deal stern blows to serious criminal activities and carry out comprehensive measures to improve public security, a conspicuous turn for the better has been achieved in our province's public security situation, the people, in general, have enhanced their sense of security; and order in society public places, daily life, teaching and scientific research has improved. However, conspicuous improvement has yet to be stabilized and consolidated, and new situations and new problems in public security have once again emerged.

The conference defined the task for this year's political and legal work as realizing a steady improvement in public security on the basis of a conspicuous turn for the better in it so as to lay a solid foundation for further bringing about a fundamental improvement in public security. In order to accomplish this task, we should step up the crackdown on criminal activities in a strict manner. We should continue the principle of punishing more strictly and promptly according to the law in treating serious criminals. While dealing stern blows to serious criminals, we should also wage struggles to deal stern blows to serious economic crimes.

The conference noted: Generally speaking, we are too lenient and ineffective in dealing blows to economic crimes, although we have paid attention to and achieved some progress in investigating and handling them. CPC committees and governments at all levels should conscientiously strengthen leadership. Public security, procuratorial, and judicial departments should work in close coordination and support each other. In handling economic crimes, no matter who is involved, we should follow and abide by the law strictly, correct all law violations, and ensure that everyone is equal before the law.

Attending the conference were responsible persons in charge of political and legal work, secretaries of political and legal commissions responsible comrades of public security, procuratorial and judicial departments, and propaganda department directors of various prefectures, cities and counties.

TA KUNG PAO ON SINO-SOVIET NEGOTIATIONS

HK070444 Hong Kong TA KUNG PAO in Chinese 7 Apr 86 p 2

["Political Talk" column by Shih Chan-yu: "The Eighth Round of Sino-Soviet talks will Soon Begin"]

[Text] Looking Forward to Earnest Dialogue Between the Two Sides

Qian Qichen, the Chinese Government's special envoy and vice foreign minister, departed for Moscow yesterday to participate in the eighth round of Sino-Soviet talks. In the past few years, the Chinese and Soviet Governments have held regular talks twice a year. The goal of the talks is normalization of the relations between the two countries. Due to the existence of the three obstacles that are known to everybody, so far this goal has not yet been fulfilled.

Qian Qichen told reporters at Beijing airport yesterday before his departure that the eighth round of talks, like the previous rounds, would concentrate of discussion on the removal of the obstacles to normalization of the relations between the two countries. He believed the talks between the two governments, represented by their own special envoys, will make progress so long as the two sides show sincerity and do not evade the problems. All the communiques issued after previous rounds of talks stated that the dialogues between the Chinese and Soviet sides were held "in a frank, peaceful, and serious atmosphere," and thus were useful. However, in order to make progress in the efforts toward normalization of relations, additional sincerity is needed to squarely face and to solve the problems.

The Issue Concerning a Third Country's Interests

In the report on the draft of the Seventh 5-Year Plan that he gave recently to the NPC, Premier Zhao Ziyang systematically elaborated the 10 basic principles guiding China's foreign policy. Of these 10 basic principles, the fourth states: China will never attach herself to any one of the two superpowers, and she will never ally herself or establish strategic relations with either of them; China steadfastly seeks a steady development of Sino-U.S. relations based on the strict observance of the principles laid down in all the Sino-U.S. joint communiques, and a substantial improvement in Sino-Soviet relations through real efforts to remove the three major obstacles.

Referring to Sino-Soviet relations in his political report given to the 27th CPSU Congress last month, CPSU General Secretary Gorbachev said that the improvement of Sino-Soviet relations should not harm the interests of any third country. This statement by Gorbachev has drawn attention. Commenting on this statement last week, a spokesman for the Chinese Foreign Ministry said: The principle of not harming any third country should not have any specific interpretation; the very purpose of the efforts to remove the obstacles to the normalization of Sino-Soviet relations is to correct all those wrong practices which may harm the interests of any third country, and this is beneficial to all parties concerned.

Adhering to the Principle of Independence

Western observers widely hold that the Soviet Union, out of its strategic considerations, is seeking to improve its relations with China. One of the latest indications of this intention of the Soviet Union is that the Kremlin last week announced the appointment of Troyanovskiy, a senior diplomat and former Soviet permanent representative to the United Nations, as the new ambassador to China.

However, China is unswerving in its foreign policy of independence and peace. The normalization of Sino-Soviet relations can hardly be accomplished as long as the three major obstacles, which have a bearing on China's security and world peace, continue to exist.

Meanwhile, the Western press reported on the eve of the eighth round of Sino-Soviet talks that the United States was negotiating with China about the installation of some facilities in China to monitor Soviet underground nuclear tests. Spreading such a rumor at such a moment has aroused speculations. And a spokesman for the Chinese Foreign Ministry has already reiterated that this report is completely groundless.

#### Relations Are Not Conditional on the System

Another view of Western observers holds that the contradictions between China and the Soviet Union will be aggravated because China is actively enforcing a reform of her economic structure which is deviating farther and farther from the Soviet model. Such a conjecture is also unrealistic.

In fact, reforms introduced in socialist countries have become a trend. Even the Soviet Union itself is also carrying out reform -- the 27th CPSU Congress officially adopted the principle for the reform. As long as this oldest socialist country in the world can really emancipate its mind and eliminate all inevitable obstacles, it is bound to speed up its economic development.

China's policy toward a foreign country is not conditional on the social system and ideology which the latter pursues. As far as international economic cooperation is concerned, China will open her door to both capitalist and socialist countries. For the moment, what China and the Soviet Union have to strive for is normalization of the relation between them, while the restoration of the relations between the CPSU is just out of the question.

#### 'CHILD OF SENIOR CADRE' ON BEIJING FACTIONS

HK031550 Hong Kong CHENG MING in Chinese No 102, 1 Apr 86 pp 64-65

[Article by reporter Chu Yuan: "A Chat With the 'Child of a Senior Cadre'"]

[Text] During the first weekend in March, this reporter made the acquaintance of a friend from mainland China through the introduction of a third party, and we were having a chat over a cup of coffee in Central [Hong Kong Business District]. My friend claimed to be an alternate member of the prince party. He believed that full members of the prince party must be children of senior cadres; but his family background was "not quite up to that level." He agreed to the contents of our interview being made public, but was unwilling to disclose his identity. According to him, the authorities have always been rather sensitive about CHENG MING, although many would like to read it.

#### Which Side Is Knifing the Other?

Naturally our first topic was the current campaign to crack down on corruption. I asked if he had read the March issue of CHENG MING. He answered: "You said it was Deng Xiaoping that issued the order to crack down on corruption. That was true in a sense. Without Deng up front, such a big campaign would not be effectively carried out. But we could say really that it was Chen Yun who gave the order, or rather, Deng gave it under pressure from Chen."

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"How come? Just how great is the contradiction between the two sections?"

"To my mind, the contradiction in policies is secondary, and the chief problem involves the successors. As far as I know, Chen Yun and Chen Muhua have attacked Hu Qili bitterly. They don't regard Hu Qili very highly, believing there's still a long way to go before Hu Qili is entitled to be a successor. A sensational saying is that once Hu Qili comes to power, the nation will be greatly disturbed. Conservative forces do exist in the Army which believe the current policies aim to stage a comeback of capitalism. It is said that some Army cadres and their dependents are being summoned to take part in studies in Xishan, Beijing, otherwise, trouble might occur."

I wanted very much to know what else has come between Deng and Chen besides the already known contradictions. The "alternate member of the prince party" adjusted his glasses and said: "Actually Chen Yun does not oppose reforms; he himself attempted to break through the ossified planned economic pattern much earlier than Deng. He had this idea early in the 1950s and 1960s, disagreeing with copying what the Soviets did. But now, he thinks Deng has gone too far, particularly after a series of problems involving the policy of opening up to the outside world erupted last year. They each think their views are justified. Moreover, some people believe Deng Xiaoping is too subjective and even more autocratic than Mao. This is because Mao had a way of pretense, and his ways were full of wiles, but Deng tends to oversimplify things, and does things in a hurry. The practice of one person alone having the say will end with people losing faith in him."

"There is an undercurrent. The outsiders may not have any idea about it. That is the Hua Guofeng case. Some people want to reverse the verdict on him. They think that Hua has not committed any serious mistakes, but Deng has removed him from office, which is characteristic of a power struggle. It is said that Chen Yun supports Hua Guofeng. Hua's case is regarded as one of the two breakthroughs in attacking the reformist school; the other being the Special Economic Zone [SEZ] issue. Chen Yun holds different views on the SEZ policy; perhaps this is no secret to anybody now. There is a saying that 'Gu Mu has lost his status as Political Bureau member, but managed to save the SEZ and Liang Xiang.' Shenzhen has survived the 1985 crisis, and Liang Xiang has kept his post as Shenzhen City CPC Committee secretary. This is Deng's victory, but not without cost."

"How serious is the problem of the 'prince party' being involved in business?"

"If the prince party includes children of cadres at and above grade 13, it is quite a sizable contingent. Of course, not all of them have become unscrupulous. Those along the coast might be more likely to become so. However, the ordinary people are not likely to know about their commercial secrets. So they have not directly given rise to public wrath. The masses have bitter hatred for those vile sons of senior cadres, and problems of this type are numerous. Therefore, the knife fell on the Shanghai playboys, to execute one as a warning to a hundred."

I mentioned that opinions differ abroad on the Shanghai trial and the handling of Zhou Erfu's case, and my friend from mainland China said, not without sympathy:

"The handling of Zhou's case is questionable. Of course, Zhou could be given a bad name at home; however, many people do not agree with arbitrarily labeling someone as injuring our national reputation. According to your March report, it was some Chinese Embassy people in Japan that reported him, and the Japanese leftists did not accuse him of visiting prostitutes. Even if some people did know to be seeking pleasure abroad, they would not think it a problem because of different moral concepts; there was no injury to our national reputation to speak of."

But now making his case public worldwide has provided good material for sarcasm abroad. And this indeed has injured our national reputation. Of course, you may punish him, saying that he is morally corrupt, and has violated discipline, but it does not make any sense to say that he has injured our national reputation."

"What do you think of the development of the current campaign to crack down on corruption? What will the result be?"

"Hard to say. The contention between the two sides is fierce at present, and it's hard to say which side is knifing the other. People are now waiting to see whether the children of Political Bureau members will be affected. Regarding economic problems, certainly some of the children of the 20-odd Political Bureau members are not completely innocent. A son of Zhao Ziyang is often the talk of the town, and can be said to have a worldwide reputation. Zhao Ziyang made a self-criticism at an NPC session 2 years ago, but the case has not been handled. And there's Peng Zhen's daughter...."

"What about the senior cadres themselves?"

"They should have fewer problems than their children. It is their way to support their children or to let things take their natural course, with one eye open and the other shut. The younger generation doing business is more convenient and advantageous. The majority of those who have made fortunes in mainland China over the past 2 years made them at home. The fortune made was not necessarily larger than those engaged in foreign trade; however, domestic business often involves a pretty wide scope. Their chief means was still a network of connections, and serving as middlemen in reselling commodities. That was even simpler than those one-man-band companies; and they got commissions into the bargain. Coupled with those children of senior cadres are the administrative people of the industrial and commercial enterprises and institutions of various places, including purchasing agents all over the country, who are quite familiar with the market quotations, information, and connections. Most of them did not put their money in the bank once they made a fortune, for fear of being found out."

According to his estimation, in the campaign to crack down on corruption, neither of the two factions will score an overwhelming victory. If the Deng faction should get the upper hand, which might lead to an imbalance of power, it would be all the more dangerous. Therefore, it is quite possible that the campaign will end in a compromise, with the two sides breaking even. Anyway, all the companies operated by members of the prince party are likely to be closed.

#### Outflow of Foreign Exchange and Export Restrictions

Then we came to economic issues. China's statistics bureau announced that the trade deficit in 1985 was \$14.9 billion, up more than 10 times from the 1984 deficit of \$1.1 billion, which illustrates a loss of control over imports, and the serious outflow of foreign exchange.

"But I don't believe the problem can be that serious." My friend said: "It costs 32 billion renminbi to get \$10 billion. And \$14.0 billion has exceeded our foreign exchange reserve. The official statistics are often unreliable. Now we have three figures for the foreign exchange deficit: one from the State Statistical Bureau, which is \$14.9 billion, one from the Ministry of Foreign Economic Relations and Trade, which is \$7.6 billion, and the other is from the Customs, which is \$15.7 billion."

I asked him whether it was the contracts signed in 1984 which were implemented in 1985 that led to the huge deficit in foreign exchange. But he said, even if that was the case, the deficit would not be so large. The clampdown on imports is now a fact; the import indexes for 1986 have not been issued so far. But the strange thing is when clamping down on imports, exports are simultaneously kept under control. According to him, new stipulations were recently drawn up to clear the interference of parallel goods in foreign trade, licenses must be applied for all export goods without exception, and sources of commodities and export quotas are restricted, with only 200-odd items of goods given export licenses and their prices not to be lower than the bottom line. Such a practice is in effect restricting the medium and small businessmen and making things advantageous for state foreign trade departments and big patriotic businessmen in Hong Kong. When the general corporations of various categories monopolize export, it will affect the opening up policy in foreign trade, and the few well-known big patriotic businessmen in Hong Kong will again make tremendous fortunes. However, as the general policy of opening up will remain unchanged, the interior provinces will still think of ways to create foreign exchange through any channels. Therefore, there is no way to check parallel goods, just as is the case with smuggling. China's current foreign trade system is one way for local economies to make money and even to strive for their subsistence.

"Also, the drastic drop in oil prices in the world market has seriously affected China's exports. China's oil exports account for more than 20 percent of its total volume of exports. It is estimated that the schedules of those joint ventures involving huge sums of investment might be affected. For example, the Daya Bay nuclear power station and the Qinshan nuclear power station located in southern Jiangsu, which involve an investment of \$3.5 billion."

#### The System of Successors Taking Over Under the Sole Arrangement of Party Committees

Then we came to the last topic. I asked my friend to talk about the conditions of, and his views on echelons of cadres taking over the positions of their predecessors. He said, he had no comment to make on the topic because there had been a lot of talk about it.

"But one point I should like to make is that there is nothing democratic in the system of successors taking over leading posts now in fashion, which is at the sole arrangement of party committees. Regarding the whole country, it is not children of senior cadres that have taken up all the leading posts in every locality of department."

"How does the system actually work out?" I asked.

"Generally, in three steps: nomination by the masses, examination by the party committee, and final approval by higher leaders. In many places, polls or investigations were conducted, and the outcome was often incongruous with the intention of the party committees concerned. So the polls served only to express some of the public opinions, by no means were they genuine nomination; they could have some reference value for party committees; and that can be counted as having listened to the masses' opinions, which is somewhat better than it was in the past. The party committee may decide the list of successors disregarding the masses' opinions."

"What if the masses do not agree with it, will they fight against it?"

"No. Generally, they won't. But leadership has become wiser nowadays, and they avoid the disgusting elements. They pick out someone obedient, or at least politically sound."

"But such political soundness does not necessarily mean genuine implementation of Deng's line, but that of the current leadership of the unit concerned. He may have some work ability, but by no means be the best and the most able element."

"Can the requirements on educational background and age be guaranteed?"

"No problem. The concrete practice generally requires the three major members of the leading body to have an average age not exceeding 45, and their educational background ranging from junior middle school, to tertiary education. Generally, one of the three has a junior middle school educational background, one senior middle school educational background, and the other a college educational background. The former two are usually veteran cadres, or one veteran cadre and the other a middle-aged cadre. By middle-aged cadres, it means a cadre or worker of peasant origin, or demobilized Army cadre, who has rather long-standing work experience since the founding of the PRC. If these two cadres have a combined age of 100 the third party would have to be a college graduate not older than 35. Now this usually creates a problem. This college graduate can only be a worker-peasant-soldier college student brought up in the Cultural Revolution, or a post-Cultural Revolution college student of the new generation, who is very young and immature; as a matter of fact, the pre-Cultural Revolution college graduates do not have a chance, otherwise, the middle-aged cadre would be elbowed out. If among the three major leading cadre positions, educated people should take up two, how can the party committee be at ease? That is usually the case at county or regimental level."

We had talked for more than an hour without noticing it. In conclusion, my friend who is very familiar with the state of affairs in mainland China said: "So long as the party leadership is retained, the democratic election in which you are interested is unlikely to occur."

#### WANG MENG REPORTEDLY TAPPED FOR CULTURE MINISTER

HK080716 Hong Kong MING PAO in Chinese 8 Apr 86 p 5

["Special dispatch" from Beijing by Li Ren: "Wang Meng To Become Minister of Culture; NPC Will Announce It Immediately After Approval"]

[Text] It is learned that Wang Meng is nominated to the China's minister of culture and that this nomination has been submitted to the 4th Session of the 6th NPC for examination and approval and will be announced immediately after adoption.

Although equal to any other ministry in status, the Ministry of Culture has always been a "sensitive" area and is also called a "political thermometer." Therefore, a change of minister in this ministry can arouse more concern in the outside world than in the case of other ministries.

The first minister of culture after the founding of the PRC was Mao Dun, a leading authority in the literary world. Wang Meng said that "as he was too old and I was very young at that time, I never had any contact with him." The expression "too old," of course, does not only refer to age. The second minister of culture was Lu Dingyi, head of the Propaganda Department of CPC Central Committee. The third minister of culture was Xiao Wangdong. However, during his tenure of office, he did nothing, apart from being criticized. Afterward, Huang Zhen once worked as the minister and Zhou Weizhi worked as the acting minister. The current minister of culture is Zhu Muzhi, who has a background in journalism. Like Mao Dun, Wang Meng is also a writer, so he must have a deeper understanding of the weal and woe in the literary world.

However, the literary world does not include all the literature and art circles. Asked by people whether he is also interested in other literature and art spheres, this would-be minister candidly replied that he likes music as well as drama, but does not often see movies. His indifference to movies is in order to make his bad eyes suffer less. Fortunately, movies were put under the administration of the Ministry of Radio and Television last year, so he does not have to bother about them. As a minister, a writer can hardly continue writing. Regarding this issue, different people have different opinions. Deng Youmei, a writer, says that being a minister means to stop writing, so he would not take the job if he had the chance. However, Wang Meng said that he would continue to write novels after he became minister. But whether he can do it or not only time will tell. Many readers are looking forward to Wang Meng's new works.

It is said that when some reports asked Wang Meng whether there would be major personnel changes within the Ministry of Culture, he said that "This is an issue common to all departments. People reaching retirement age should retire." As for his work plans after he takes office, Wang Meng said that it is still early to answer this question.

#### FORMER HOTELIER ARRESTED FOR ECONOMIC CRIMES

HK041001 Hong Kong WEN WEI PO in Chinese 3 Apr 86 p 2

[Report by reporter Lan Ching-chung from Guangzhou: "Former General Manager Yang Xianting Arrested for Economic Crimes"]

[Text] Yang Xianting, a celebrity in tourism circles in Guangzhou, was recently arrested on the grounds of suspicion of committing economic crimes. The Guangdong Provincial People's Procuratorate will raise charges against him.

Between 1973 and May 1984, Yang Xianting was the general manager of Dongfang Hotel in Guangzhou. It is learned that his case mainly involves economic crimes. The Discipline Inspection Commission conducted thorough investigation of his case before his arrest. Yang was later suspended from his duties for further examination. (At that time, he was transferred to another post and headed the office of a certain Guangzhou unit). After it was confirmed that Yang violated the laws, the prosecuting department approved his arrest to allow him to be tried by law.

It is learned that when explaining this legal action to the Dongfang Hotel leadership, the departments concerned particularly stressed that the fact that Yang Xianting is suspected of violating the laws concerns only himself and has nothing to do with the hotel. Over the years, Dongfang Hotel has scored great successes in opening up, utilizing foreign capital and reforms. These successes were made mainly because of correct central principles and policies, as well as the support of leadership at the upper level. But the staff of the hotel, including Yang, also contributed their efforts. The case that Yang was suspected of violating the laws is another matter. Furthermore, the responsible people of the departments concerned encouraged the hotel to make greater successes.

In 1977, Dongfang Hotel took the lead in utilizing foreign capital for renovation. In winter last year, it carried out a further full-scale renovation and improved its standards to those of an international luxurious hotels. Since then, business has become more brisk. Its profits totalled 21.52 million renminbi last year. Therefore, it enjoys high prestige at home and abroad.

## Further Details

HK041003 Hong Kong SOUTH CHINA MORNING POST in English 4 Apr 86 p 1

[Text] Guangzhou graft investigators have arrested a former close aide of Prime Minister Zhao Zhiyang for alleged "economic crimes." The suspect, Yang Xianting, is considered to be one of Guangdong's pioneers in instituting economic reforms as the former general manager of Guangzhou's show-case Dongfang Hotel. Built in the 1950's on the instructions of Mr Zhao, who was then the province's party first secretary, the Dongfang was one of the top four hotels in China before Western-style hotels started rising in the country in 1979. News of Yang's arrest broke in Guangzhou last week but it is understood that he was arrested by the Guangzhou People's Procuratorate last month.

Mr Chen Rufeng, deputy general manager of the hotel, told the SCM in a telephone interview yesterday that the crimes were allegedly committed between 1973 and 1984. But Mr Chen refused to disclose details of the alleged offences, said to have been committed while Yang was general manager of the hotel.

Yang left the hotel in mid-1984 amid rumours that he was involved in immoral activities as well as other "mistakes." The allegations quietened down after Yang put out an outright denial. He was then transferred to head a new government office in charge of the development of Whampao area near Guangzhou but he kept an office suite in the hotel.

A spokesman for the Guangdong disciplinary committee also told the SCM POST yesterday that since the case had not been publicised in China, newspapers in Hong Kong should refrain from reporting the case for the time being. News of Yang's arrest was reported yesterday by the pro-Beijing WEN WEI PAO in Hong Kong but it gave no details of the case. "Yang's crimes were linked with his own personal affairs and had nothing to do with the hotel," the paper said.

Yang enjoyed the confidence of Mr Zhao, who praised him for contributing substantially to Guangdong's economic development. He also won high praise for his capability, efficiency and far-sightedness in introducing joint-ventures in the province before China decided to open its doors to foreign investors. Yang was also commended for guiding Dongfang out of the doldrums by bringing in new management measures as well as foreign investment to Guangzhou as early as 1979. In that year, the Dongfang became the first state-owned hotel to use foreign funds for renovation work under China's open-door policy.

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